CONTENTS



Vision Statement.....03

Mission Statement.....04

Corporate Information.....05

Company Profile.....06

Board of Directors.....07

Board of Directors Committees.....09

Organization Chart.....11

Statement of Our Core Values.....12

Code of Ethics & Business Conduct.....19

Notice of Annual General Meeting.....21

Chairman / Directors' Report 24

Key operating & financial results.....33

Detail of Pattern of holding of Shares.....34

Review report to the members on statement of compliance with the best practice of Code of Corporate Governance.....36

Statement of Compliance with the Code of Corporate Governance.....37

Auditors' Report 41

Balance Sheet.....45

Profit & Loss Account.....46

Statement of Comprehensive Income.....47

Statement of Changes in Equity.....48

Cash Flow Statement.....49

Notes to the Financial Statement.....50

Bank Mandate Form.....79

Proxy Form.....80



VISION STATEMENT

At Premium Textile Mills Ltd we envisage ourselves as a leading company in the manufacturing of value added yarn. Our relentless endeavors are directed to make our customers view Premium as a reliable brand that gets to the future first.



MISSION STATEMENT

Our mission is to manage and operate the company in a manner that allows continued growth and profitability without high risk for investors. We do this by offering quality products to our customers, by constantly striving to improve our product to meet our customer's needs and by trying to keep abreast of the new developments taking place in the textile world.

CORPORATE INFORMATION

Board of Directors

Mr.Mohammad Aslam	Chairman
Mr.Abdul Kadir Haji Adam	Chief Executive
Mr.Mohammad Yasin Siddik	Executive Director
Mr.Mohammad Ali Jaliawala	Director
Mr.Mohammad Tufail	Director
Mr.Khizer Yousuf Sattar	Director
Mr.Tanzeel Abdul Sattar (NIT Nominee)	Director

Company Secretary
Mr. Iqbal Chappra

Chief Financial Officer
Mr. Ghulam Mohammed Surti

Auditors
Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Head of Internal Auditor
Mr. Syed Wasif Hussain Naqvi

Registered Office
1st Floor, Haji Adam Chambers, Altaf Hussain Road,
New Challi, Karachi.
Phone: 0213-2400405-8
Fax: : 0213-2417908
E-Mail: premhead@premiumtextile.com

Mill
Plot 58,60,61 & 76,77,78 Main Super Highway,
Nooriabed, Distt. Dadu (Sindh), Pakistan
Phone: (025) 4007463-9

Website
www.premiumtextile.com

Share Registrar
F.D.Registrar Services (SMC-Pvt) Ltd.
17th Floor, Saima Trade Tower-A,
I.I.Chundrigar Road,Karachi.
Phone: 0213-2271905-6

Bankers
Bank AL-Habib Limited.
Bank AL-Falah Limited.
Meezan Bank Ltd.

Audit Committee

Mr. Mohammed Tufail	Chairman
Mr. Mohammad Aslam	Member
Mr. Mohammad Ali Jaliawala	Member

Human Resource and Remuneration Committee

Mr. Mohammad Ali Jaliawala	Chairman
Mr. Mohammad Aslam	Member
Mr. Mohammed Tufail	Membe

COMPANY PROFILE

Ever since the inception of Premium Textile Mills Ltd. Took place in 1989 the group has successfully diversified into manufacturing of garments & auto parts and trading. Employing more than 700 people in its work force. The relentless perseverance of the formative years has been the guiding principle for the group to achieve an annual turnover in excess of Rs.6 billion. However, as the flagship company. Premium Textile Mills Ltd remains the major contributor in the brilliant standing of the group.

Premium Textiles started its operations with 12,230 spindles serving only the local market in the initial years. It is now annually producing approximately 25,000,000 Kg (based on 20/1) with 73,308 spindles and installed the machines like MVS & ACO-9 which increase the productivity. Currently, the company is operating in both local and international horizons that have brought the company to a reckoned position in a competitive industry. With a commitment to invest every year in BMR, Premium Textiles is geared towards acquiring latest technology to provide better value for money to our customers in the form of Premium yarn. The company is also operating its own power generation plant to ascertain uninterrupted power supply all the year round.

Having served customers in the Americas, Europe, Middle East, Central Asia and Far East we have the requisite experience and feel of the customers around the world. Acquisition of latest technology coupled with stringent quality control measures have given us an edge that reflects in our quality and the portfolio of satisfied customers. Our standards of business ethics and the human capital form the assets that are revered not only throughout the organization but also in the industry.

BOARD OF DIRECTORS

Mr. Mohammed Aslam Parekh
Chairman

Mr.Aslam Parekh is the Chairman of Premium Textile Mills Ltd and has been associated with Premium textile Mills Ltd since 1990, being a Director of other companies, take and accept challenges and take decision in critical situation & scenarios. He also plan & forecast for both long & short term position. He is actively participated in planning for the new project and bared in an excellent manner for expansion & development. He attained very good experience of Textile Spinning, weaving & finishing. He has experience and is competent in business dealing especially for procurement of plant & machinery.

Mr.Abdul Kadir Haji Adam
Chief Executive

Mr.Abdul Kadir is the Chief Executive of Premium Textile. He possess vide experience in textile Business. He has been in the business for more than 45 year. He has full knowledge of working of Textile and provides guidance to the management for smooth running the mills, further planning and selection of right person for job. He traveled abroad and enjoys good reputation both in and outside the country. He is also on the Board of other companies & trust.

Mr. Mohammed Yasin Siddik
Executive Director

Education:

Matric	St. Patrick's School Karachi (1973)
Graduation	St. Patrick's College Karachi. (1979)
Post Graduation	M.B.A. Institute of Business Administration, Karachi (1982)

Working Experience:

- Internship with Grindlays Bank Ltd.
- 1982 Went into the field of ship breaking at Gadani Beach and continued for 5- years during which I dismantled 7 vessels.
- Took dealership of Pakistan Steels and Peoples Steel Mills and traded in steel for 5 years.
- Set up Premium Textile Mills Ltd.
- Started a Spinning Mills based on 12380 spindles in the Public Listed Sector and gradually increased it now to 73300 spindles. The company is by the name of **Premium Textile Mills Limited** and is listed on the Pakistan Stock Exchange. The annual turnover now is above Rs 6.0 Billion.
- Have held the office of Chairman APTMA (Sindh Baluchistan.) for 3 years
- Was elected Chairman APTMA (All Pakistan.) 2013-2014.

Mr. Mohammed Ali Jaliawala
Director

Mr.M.Ali Jaliawala has been associated with Premium Textile Mills since 1990, being a Director he undertaken various expansion project of Textile. The textile has quite complex dimension due to seasonal exposure and hence require efficient planning. He is experience and competent in business dealing especially for procurement of raw material & others assets he has a rich experience export sale as well as in local market.

Mr. Mohammed Tufail
Director

Mr.Tufail Sattar joined the Board as a Director in 1998. He is also a member of the audit Committee at Premium Textile Mills Ltd. Mr.Tufail Sattar graduated with a Bachelor's degree in Business administration from Whittier College, California. He is also a partner in prudential enterprises, a trading company dealing in home textiles and dairy ingredients. He attended very good experience of Textile, participating in planning of expansion and new project.

Mr.Khizer Yousuf Sattar
Director

Mr.Khizer Sattar joined the Board as a Director in 2018. He is a Partner in Prudential Enterprises, a trading and home textiles sourcing company. Mr.Khizer Sattar has vast experience in International Business, working closely with international retailers and importers to manage their supply chain and sourcing from Pakistan.

Mr. Tanzeel Abdul Sattar (NIT Nominee)
Director

Mr. Tanzeel Abdul Sattar has been associated with NIT (National Investment Trust Ltd). He has been four year of experience in Mutual fund Industry and have earned experience of all facets of finance Division of the Asset Management Company (includes trust Accounts and Management Company Accounts). He also served in Departmental Head since 4 years with strong background in financial & business management, Strategic Planning, Budget Administration, Audit coordination, Tax planning also associated with KPMG since three year as Supervisor responsible in planning & finalization audit, also having IT experience.

BOARD OF DIRECTORS COMMITTEES

1- AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee and the following Directors are its members:

Mr. Mohammed Tufail Sattar	Chairman
Mr. Mohammed Ali Jaliawala	Member
Mr. Mohammed Aslam Parekh	Member

The terms of reference of the audit committee shall also include the following:

1. The Audit Committee shall, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the company in addition to audit of its financial statements.
2. Determination of appropriate measures to safeguard the company's assets;
3. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

   Major judgmental areas;
   Significant adjustments resulting from the audit;
   The going concern assumption;
   Any changes in accounting policies and practices;
   Compliance with applicable accounting standards;
   Compliance with listing regulations and other statutory and regulatory requirements; and Significant related party transactions.
4. Review of preliminary announcements of results prior to publication;
5. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
6. Review of management letter issued by external auditors and management's response thereto;
7. Ensuring coordination between the internal and external auditors of the company;
8. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
9. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
10. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

11. Review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
12. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
13. Determination of compliance with relevant statutory requirements;
14. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
15. Consideration of any other issue or matter as may be assigned by the Board of Directors.

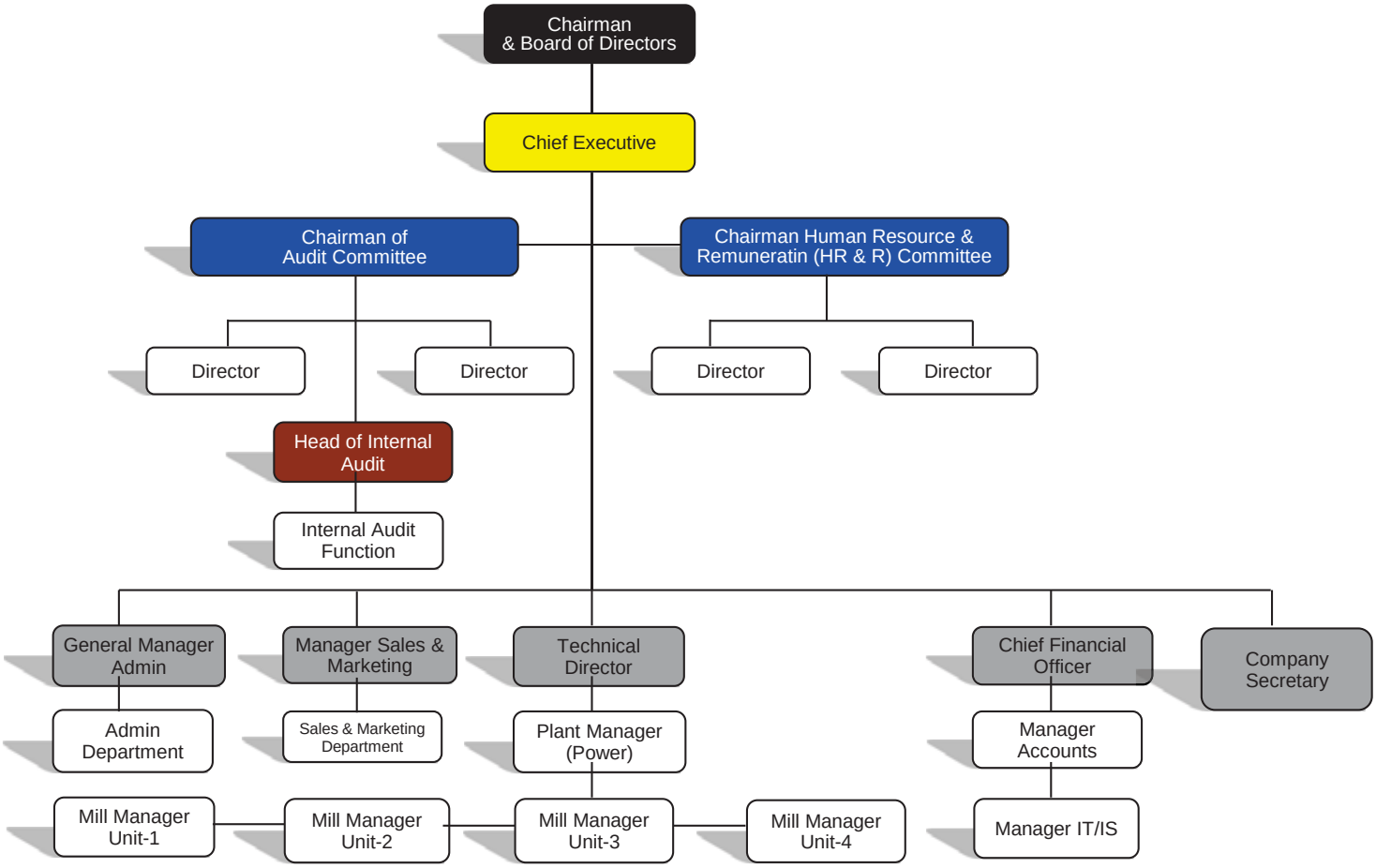
2-HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR&R)

Human Resource and Remuneration (HR&R) Committee have three members comprising a majority of non-executive directors including Chairman of the Committee.

Mr. Mohammed Ali Jaliawala	Chairman
Mr. Mohammed Aslam Parekh	Member
Mr. Mohammed Tufail Sattar	Member

The terms of reference of the HR & R committee shall also include the following:

1. Recommending human resource management policies to the board;
2. Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
3. Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
4. Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.



ORGANIZATION STRUCTURE

Mr. Mohammad Aslam	**(Chairman)**
Mr. Abdul Kadir Haji Adam	**(Chief Executive)**
Mr. Mohammad Yasin Siddik	**(Executive Director)**
Mr. Mohammad Ali Jaliawala	**(Director)**
Mr. Mohammad Tufail	**(Director)**
Mr. Khizer Yousuf Sattar	**(Director)**
Mr. Tanzeel Abdul Sattar (NIT)	**(Director)**

Statement of Our Core values

Company Vision

At Premium Textile Mills Ltd we envisage ourselves as a leading company in the manufacturing of value added yarn. Our relentless endeavors are directed to make our customers view Premium as a reliable brand that gets to the future first.

Mission

Our mission is to manage and operate the company in a manner that allows continued growth and profitability without high risk for investors. We do this by offering quality products to our customers, by constantly striving to improve our product to meet our customer's needs and by trying to keep abreast of the new developments taking place in the textile world.

Build Trust and Credibility

The success of our business is dependent on the trust and confidence we earn from our employees, customers and shareholders. We gain credibility by adhering to our commitments, displaying honesty and integrity and reaching company goals solely through honorable conduct. It is easy to *say* what we must do, but the proof is in our *actions*. Ultimately, we will be judged on what we do.

When considering any action, it is wise to ask: will this build trust and credibility for Premium Textile Mills Mills Ltd.? Will it help create a working environment in which Premium Textile Mills Ltd. can succeed over the long term? Is the commitment I am making one I can follow through with? The only way we will maximize trust and credibility is by answering "yes" to those questions and by working every day to build our trust and credibility.

Respect for the Individual

We all deserve to work in an environment where we are treated with dignity and respect. Premium Textile Mills Ltd. is committed to creating such an environment because it brings out the full potential in each of us, which, in turn, contributes directly to our business success. We cannot afford to let anyone's talents go to waste.

Premium Textile Mills Ltd. is an equal employment/affirmative action employer and is committed to providing a workplace that is free of discrimination of all types from abusive, offensive or harassing behavior. Any employee who feels harassed or discriminated against should report the incident to his or her manager or to human resources.

Create a Culture of Open and Honest Communication

At Premium Textile Mills Ltd. everyone should feel comfortable to speak his or her mind, particularly with respect to ethics concerns. Managers have a responsibility to create an open

and supportive environment where employees feel comfortable raising such questions. We all benefit tremendously when employees exercise their power to prevent mistakes or wrongdoing by asking the right questions at the right times.

Premium Textile Mills Ltd. will investigate all reported instances of questionable or unethical behavior. In every instance where improper behavior is found to have occurred, the company will take appropriate action. We will not tolerate retaliation against employees who raise genuine ethics concerns in good faith.

Employees are encouraged, in the first instance, to address such issues with their managers or the HR manager, as most problems can be resolved swiftly. If for any reason that is not possible or if an employee is not comfortable raising the issue with his or her manager or HR, Premium Textile Mills Ltd.'s does operate with an open-door policy.

Set Tone at the Top

Management has the added responsibility for demonstrating, through their actions, the importance of this Code. In any business, ethical behavior does not simply happen; it is the product of clear and direct communication of behavioral expectations, modeled from the top and demonstrated by example. Again, ultimately, our actions are what matters.

To make our Code work, managers must be responsible for promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as another encouraged form of business communication. At Premium Textile Mills Ltd, we want the ethics dialogue to become a natural part of daily work.

Uphold the Law

Premium Textile Mills Ltd.'s commitment to integrity begins with complying with laws, rules and regulations where we do business. Further, each of us must have an understanding of the company policies, laws, rules and regulations that apply to our specific roles. If we are unsure of whether a contemplated action is permitted by law or Premium Textile Mills Ltd. policy, we should seek the advice from the resource expert. We are responsible for preventing violations of law and for speaking up if we see possible violations.

Competition

We are dedicated to ethical, fair and vigorous competition. We will sell Premium Textile Mills Ltd. products and services based on their merit, superior quality, functionality and competitive pricing. We will make independent pricing and marketing decisions and will not improperly cooperate or coordinate our activities with our competitors. We will not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for Premium Textile Mills Ltd. or the sales of its products or services, nor will we engage or assist in unlawful boycotts of particular customers.

Proprietary Information

It is important that we respect the property rights of others. We will not acquire or seek to acquire improper means of a competitor's trade secrets or other proprietary or confidential information. We will not engage in unauthorized use, copying, distribution or alteration of software or other intellectual property.

Selective Disclosure

We will not selectively disclose (whether in one-on-one or small discussions, meetings, presentations, proposals or otherwise) any material nonpublic information with respect to Premium Textile Mills Ltd, its securities, business operations, plans, financial condition, results of operations or any development plan. We should be particularly vigilant when making presentations or proposals to customers to ensure that our presentations do not contain material nonpublic information.

Health and Safety

Premium Textile Mills Ltd. is dedicated to maintaining a healthy environment. A safety manual has been designed to educate you on safety in the workplace.

Avoid Conflicts of Interest

Conflicts of Interest

We must avoid any relationship or activity that might impair, or even appear to impair, our ability to make objective and fair decisions when performing our jobs. At times, we may be faced with situations where the business actions we take on behalf of Premium Textile Mills Ltd. may conflict with our own personal or family interests. We owe a duty to Premium Textile Mills Ltd. to advance its legitimate interests when the opportunity to do so arises. We must never use Premium Textile Mills Ltd. property or information for personal gain or personally take for ourselves any opportunity that is discovered through our position with Premium Textile Mills Ltd.

Determining whether a conflict of interest exists is not always easy to do. Employees with a conflict of interest question should seek advice from management. Before engaging in any activity, transaction or relationship that might give rise to a conflict of interest, employees must seek review from their managers or the HR department.

Gifts, Gratuities and Business Courtesies

Premium Textile Mills Ltd. is committed to competing solely on a merit of our products and services. We should avoid any actions that create a perception that favorable treatment of outside entities by Premium Textile Mills Ltd. was sought, received or given in exchange for personal business courtesies. Business courtesies include gifts, gratuities, meals,

refreshments, entertainment or other benefits from persons or companies with whom Premium Textile Mills Ltd. does or may do business. We will neither give nor accept business courtesies that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation or polices of Premium Textile Mills Ltd. or customers, or would cause embarrassment or reflect negatively on Premium Textile Mills Ltd.'s reputation.

Accepting Business Courtesies

Most business courtesies offered to us in the course of our employment are offered because of our positions at Premium Textile Mills Ltd. We should not feel any entitlement to accept and keep a business courtesy. Although we may not use our position at Premium Textile Mills Ltd. to obtain business courtesies, and we must never ask for them, we may accept unsolicited business courtesies that promote successful working relationships and good will with the firms that Premium Textile Mills Ltd. maintains or may establish a business relationship with.

Employees who award contracts or who can influence the allocation of business, who create specifications that result in the placement of business or who participate in negotiation of contracts must be particularly careful to avoid actions that create the appearance of favoritism or that may adversely affect the company's reputation for impartiality and fair dealing. The prudent course is to refuse a courtesy from a supplier when Premium Textile Mills Ltd. is involved in choosing or reconfirming a supplier or under circumstances that would create an impression that offering courtesies is the way to obtain Premium Textile Mills Ltd. business.

Meals, Refreshments and Entertainment

We may accept occasional meals, refreshments, entertainment and similar business courtesies that are shared with the person who has offered to pay for the meal or entertainment, provided that:

- They are not inappropriately lavish or excessive.
- The courtesies are not frequent and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.
- The courtesy does not create the appearance of an attempt to influence business decisions, such as accepting courtesies or entertainment from a supplier whose contract is expiring in the near future.
- The employee accepting the business courtesy would not feel uncomfortable discussing the courtesy with his or her manager or co-worker or having the courtesies known by the public.

Gifts

Employees may accept unsolicited gifts, other than money, that conform to the reasonable ethical practices of the marketplace, including:

- Flowers, fruit baskets and other modest presents that commemorate a special occasion.
- Gifts of nominal value, such as calendars, pens, mugs, caps and t-shirts (or other novelty, advertising or promotional items).

Generally, employees may not accept compensation, honoraria or money of any amount from entities with whom Premium Textile Mills Ltd. does or may do business. Tangible gifts (including tickets to a sporting or entertainment event) that have a market value greater than $100 may not be accepted unless approval is obtained from management.

Employees with questions about accepting business courtesies should talk to their managers or the HR department.

Offering Business Courtesies

Any employee who offers a business courtesy must assure that it cannot reasonably be interpreted as an attempt to gain an unfair business advantage or otherwise reflect negatively upon Premium Textile Mills Ltd. An employee may never use personal funds or resources to do something that cannot be done with Premium Textile Mills Ltd. resources. Accounting for business courtesies must be done in accordance with approved company procedures.

Other than to our government customers, for whom special rules apply, we may provide non monetary gifts (i.e., company logo apparel or similar promotional items) to our customers. Further, management may approve other courtesies, including meals, refreshments or entertainment of reasonable value provided that:

- The practice does not violate any law or regulation or the standards of conduct of the recipient's organization.
- The business courtesy is consistent with industry practice, is infrequent in nature and is not lavish.
- The business courtesy is properly reflected on the books and records of Premium Textile Mills Limited.

Set Metrics and Report Results Accurately

Accurate Public Disclosures

We will make certain that all disclosures made in financial reports and public documents are full, fair, accurate, timely and understandable. This obligation applies to all employees,

including all financial executives, with any responsibility for the preparation for such reports, including drafting, reviewing and signing or certifying the information contained therein. No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records.

Employees should inform Executive Management and the HR department if they learn that information in any filing or public communication was untrue or misleading at the time it was made or if subsequent information would affect a similar future filing or public communication.

Corporate Recordkeeping

We create, retain and dispose of our company records as part of our normal course of business in compliance with all Premium Textile Mills Ltd. policies and guidelines, as well as all regulatory and legal requirements.

All corporate records must be true, accurate and complete, and company data must be promptly and accurately entered in our books in accordance with Premium Textile Mills Ltd.'s and other applicable accounting principles.

We must not improperly influence, manipulate or mislead any unauthorized audit, nor interfere with any auditor engaged to perform an internal independent audit of Premium Textile Mills Ltd. books, records, processes or internal controls.

Promote Substance over Form

At times, we are all faced with decisions we would rather not have to make and issues we would prefer to avoid. Sometimes, we hope that if we avoid confronting a problem, it will simply go away.

At Premium Textile Mills Ltd., we must have the courage to tackle the tough decisions and make difficult choices; secure in the knowledge that Premium Textile Mills Ltd. is committed to doing the right thing. At times this will mean doing more than simply what the law requires. Merely because we can pursue a course of action does not mean we *should* do so.

Although Premium Textile Mills Ltd.'s guiding principles cannot address every issue or provide answers to every dilemma, they can define the spirit in which we intend to do business and should guide us in our daily conduct.

Accountability

Each of us is responsible for knowing and adhering to the values and standards set forth in this Code and for raising questions if we are uncertain about company policy. If we are concerned whether the standards are being met or are aware of violations of the Code, we must contact the HR department.

Premium Textile Mills Ltd. takes seriously the standards set forth in the Code, and violations are cause for disciplinary action up to and including termination of employment.

Be Loyal

Confidential and Proprietary Information

Integral to Premium Textile Mills Ltd.'s business success is our protection of confidential company information, as well as nonpublic information entrusted to us by employees, customers and other business partners. Confidential and proprietary information includes such things as pricing and financial data, customer names/addresses or nonpublic information about other companies, including current or potential supplier and vendors. We will not disclose confidential and nonpublic information without a valid business purpose and proper authorization.

Use of Company Resources

Company resources, including time, material, equipment and information, are provided for company business use. Nonetheless, occasional personal use is permissible as long as it does not affect job performance or cause a disruption to the workplace.

Employees and those who represent Premium Textile Mills Ltd. are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use.

Generally, we will not use company equipment such as computers, copiers and fax machines in the conduct of an outside business or in support of any religious, political or other outside daily activity, except for company-requested support to nonprofit organizations. We will not solicit contributions nor distribute non-work related materials during work hours.

In order to protect the interests of the Premium Textile Mills Ltd. network and our fellow employees, Premium Textile Mills Ltd. reserves the right to monitor or review all data and information contained on an employee's company-issued computer or electronic device, the use of the Internet or Premium Textile Mills Ltd.'s intranet. We will not tolerate the use of company resources to create, access, store, print, solicit or send any materials that are harassing, threatening, abusive, sexually explicit or otherwise offensive or inappropriate.

Questions about the proper use of company resources should be directed to your manager.

Media Inquiries

Premium Textile Mills Ltd. is a high-profile company in our community, and from time to time, employees may be approached by reporters and other members of the media. In order to ensure that we speak with one voice and provide accurate information about the company.

Code of Ethics & Business Conduct

Objectives

The objectives of Premium Textiles Mills Ltd. are to engage efficiently & responsibly in the yarn manufacturing business. We seek a high standard of performance and aim to maintain a long-term competitive position for sustainable growth.

Standard of Conduct

We conduct our operations with honesty, integrity & openness, and with respect for the rights & interests of our stakeholders. We shall continue conferring respect to the legitimate interests of those with whom we have relationships.

Shared Responsibilities

Premium Textiles Mills Ltd. is committed to increasing its value to customers, employees & shareholders by providing products and services to the concerns that it serves. We will fulfill this commitment while upholding the highest level of ethical conduct and meeting our responsibilities as a good corporate citizen. Although laws may vary from time to time, our basic ethical standards do not vary and are set forth in this guide.

Upholding the Law

The Premium Textiles Mills Ltd. concerns and its employees are required to comply with the laws & regulations enacted at local, national and international level.

Shareholders

Premium Textiles Mills Ltd. will conduct its operations in accordance with the principles of good corporate governance. As a guardian of their investment, we will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Customers

We are committed to providing quality products & service which are tailored for their intended use. The products and services will be supported by the requisite technical and commercial expertise.

Employees

Premium Textiles Mills Ltd. is committed to improvement in the working environment where there is mutual trust and respect and where everyone feels the pulse of responsibility for the performance and reputation of the company. We are committed towards safe & healthy working conditions for all employees. We appreciate the "to-do-it" instinct of employees that is beneficial for their growth and the company.

Business Partners

We bind ourselves to establish mutually beneficial relationship with our contractors, customers, suppliers and other business dealings, we expect our partners and to promote the application of these principles in so doing. In our business dealings, we expect our partners to adhere to business principles consistent with our own.

Community & Society

Premium Textile Mills Ltd. strives to be a trusted corporate citizen and as an integral part of society to fulfill the responsibilities towards the societies and communities in which it operates.

Public & Associated Activities

Premium Textiles Mills Ltd. concerns are encouraged to promote and defend their legitimate business interests. We will cooperate with governments and other organizations, both directly and through trade bodies such as trade associations, in the development of proposed legislature and other regulations which may affect legitimate business interests.

Continuous improvement

We have always endeavored for continuous improvement in terms of our products, services, and physical structure, tangible and intangible assets. This spirit serves as a guiding principle towards sustainable development leading to profits. Without profits and a strong financial foundation, it would not be possible to fulfill the responsibilities outlined above.

Compliance

Every effort will be made across the board for compliance with the above mentioned principles.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 31st Annual General Meeting of the Shareholders of **PREMIUM TEXTILE MILLS LIMITED** will be held on **Tuesday** the **23rd October, 2018 at 03:00 p.m.** at Registered Office 1st Floor, Haji Adam Chambers, Altaf Hussain Road, Karachi, to transact the following business:

1. To confirm minutes of the 30th Annual General Meeting held on October 26, 2017.

2. To receive, consider and adopt the Report of Directors, Auditors and Audited Accounts of the Company for the year ended 30th June, 2018.

3. To approve the payment of dividend @ 225 % (i.e.Rs.22.50 per share) as recommended by the Board of Directors.

4. To appoint Auditors for the next year 2018-2019 and fix their remuneration.

5. To transact any other business with the permission of the Chair.

By order of the Board of Directors



IQBAL CHAPPRA
Company Secretary

Karachi:
The 27th Sept, 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed from 16th October 2018 to 23rd October 2018 (both days inclusive), when no transfers of shares will be accepted for registration. Transfer received in order at the office of Share Registrar, F.D.Registrar Services (SMC-Pvt) Ltd., 17th Floor, Saima Trade Tower-A,I,I.Chundrigar Road, Karachi by the close of business on 15th October, 2018 will be considered in time to determine the above mentioned entitlement to the transferee and to attend and vote at the meeting.

2. A member entitled to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy in order to be effective must be received at Registered Office of the Company not less than 48 hours before 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 additionally 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 promptly notify the Company of any change in their address, if any.

5. Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP). Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Register, M/s Premium Textile Mills Limited without any delay.

In case of non-availability of a valid copy of the Shareholders CNIC in the records of the Company the company shall be constrained to withhold the Dividend Warrants in terms of Section 251(2) (a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

6. Payment of Cash Dividend Electronically (Mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.
SECP has advised in their Circular No.18 of 2017 to all listed companies to ensure that with effect from November 01, 2017 cash dividend shall be paid through electronic mode only. Therefore, shareholders are requested to provide the details of their bank mandate specifying: (a) title of account, (b) account number (c) IBAN number (d) bank name and (e) branch name, code and address to the Company & Share Registrar. Those shareholders who hold shares with participants / Central Depository Company of Pakistan (CDC) are advised to provide the same to their concerned participants / CDC.
Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form attached in printed financial statement and send it duly signed along with a copy a CNIC to the Registrar of the Company, M/s F.D.Registrar Services (SMC-Pvt) Ltd. in case of physical shares.

In case shares are held in CDC the Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

7. Revision of Withholding Tax on Dividend Income:

Government of Pakistan through Finance Act. 2017 has made certain amendments in section 150 of the income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For Filer of income tax returns	15 %
(b)	For Non-Filer of income tax returns	20 %

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

8. Withholding Tax on Dividend in case of Joint Account Holders
   In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to Compute withholding tax of each shareholder accordingly.

Company Name	Folio/CDX Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding Proportion(No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of shares)

   The required information must reach our Share Registrar within 15 Days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).
   Withholding tax exemption from dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Company's Share Registrar by 15th October, 2018.
9. In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2018 are available on the Company's website (http://www.premiumtextile.com).
10. SECP, through SRO 470(I)/ 2016 dated May 31, 2016 & SRO 787(I)/2014 dated September 08, 2014, the Company will obtain shareholders' approval in its 31st Annual General Meeting will be held on 23rd October, 2018. Accordingly after the approval, the Annual Report for the year ended Jun 30, 2019 the Company will dispatch to shareholders through CD/email.
    Any member requiring printed copy of the Annual Report 2019 may send a request using a "Standard Request Form" placed on the Company's website (http://www.premiumtextile.com).
    Members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website (http://www.premiumtextile.com) to the Company's Share Registrar.
11. In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years form the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim, if no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Dividends with the Federal Government in compliance with the sub section (2) of Section 244 of the Companies Act, 2017.

12. Members are requested to notify any changes in their addresses immediately.
    Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Company / Share Registrar.

CHAIRMAN / DIRECTOR'S REPORT

Dear Shareholders,

The Directors are pleased to present to you the 31st Annual Report together with the Audited accounts of the Company for the year ended 30th June, 2018 for your consideration and approval.

Operating Result

	2018	2017
Operating Profit	**517,631,815**	**385,470,596**
Financial & Others	**(189,992,426)**	**(178,548,310)**
Profit before Taxation	**327,639,389**	**206,922,286**
Taxation	**17,711,696**	**(31,325,599)**
Profit after Taxation	**345,351,085**	**175,596,687**
Earning per share	**56.04**	**28.49**
Gross Margin %	**11.15 %**	**10.13 %**
Operating Profit %	**8.05 %**	**7.12 %**

FINANCIAL HIGLIGHTS

The net turnover of the Company grew by 18.81% from R.s 5.413 Billion to 6.431 Billion. Raw material price increased by 7%, Production expense increased by 11% financial charges for the increased due to increase in KIBOR & /SBP rate and also the company not availed F.E Loan as a possibility of change in Dollar increase in Dollar price.
Profits after tax for the year ended June 30, 2018 were 345.35 Million and EPS R.S. 56.04 per Shares.

DIVIDEND

The Board of Directors of the Company has recommended following appropriations for the FY-2017-18 for approval of the members at the Annual General Meeting to be held on 23rd October, 2018:
Cash Dividend of Rs.22.50/- Per share, i.e. 225% (2017: Rs12.50/- per share, i.e.125%).

BUSSINESS PERFORMANCE HIGHLIGHT

PRINCIPAL ACTIVITY

The principal activity of the Company is manufacturing of yarn.

PRODUCT DIVERSIFICATION

We have continued our effort to explore business and expanding its products that are related to our value added yarn i-e Dyed Yarn PV-PC-CVC & Chain Yarn, injection yarn and also yarn produced from July'18,Machine MVS & ACO-9 to increase profitability & production capacity.

MATERIAL CHAGES & COMITMENT

No material change & commitment affecting the financial position of the company during the period.

FORWARD LOOKING INFORMATION

The company remains strongly focused on innovation and opportunities to improve productivity and enhance shareholders value. The company has delivered good overall performance in this year and the director are confident that company is well positioned to capitalize, growth opportunities by way of enhance its product range and capacity through plant upgrade and additional spindles, that will be benefit to our shareholder, employees, customers and Bankers.

ADDITION TO FIXED ASSETS

During the year under review following assets have been added

LAND	Rs.	0.96	Million
BUILDING	Rs.	26.39	Million
MACHINERY			
2 NOS.AUTOCORO-9	Rs.	242.22	Million
6 NOS.OF CARDS	Rs.	116.56	Million
MVS-870 VORTEX SPINNING	Rs.	98.07	Million
4 NOS.DRAW FRAMES	Rs.	27.02	Million
4 NOS.CONE WINDERS	Rs.	96.28	Million
QPRO LINK CONER	Rs.	5.08	Million
BLOW ROOM 1 LINE	Rs.	39.90	Million
VISION SHIELD	Rs.	20.22	Million
YARN TESTING	Rs.	17.08	Million
STEAM ABSORBTION CHILLER	Rs.	16.17	Million
DUST & WASTE REMOVAL	Rs.	15.70	Million
BALE PRESS	Rs.	14.71	Million
TRANSPORTATION SYSTEM	Rs.	8.66	Million
HUMIDIFICATION PLANT	Rs.	3.96	Million
COOLING TOWER	Rs.	1.35	Million
KNITTING MACHINE	Rs.	1.53	Million
FEEDING CAN CREEL DX-8	Rs.	1.71	Million
REAL TIME ERP MODULE	Rs.	2.10	Million
WASTE HEAT RECOVERY BOILER+ECONOMIZE	Rs.	4.39	Million
ARC MONITORING DEVICE	Rs.	1.73	Million
SLIVER CANS & OTHERS	Rs.	10.82	Million
ELECTRICAL			
GENSET 4000-KW	Rs.	139.53	Million
H.T.ENGINE	Rs.	2.24	Million
LED TUBES	Rs.	0.76	Million
OTHERS ELECTRICAL WORKS CABLES & WIRES	Rs.	17.22	Million
VEHICLE	Rs.	14.49	Million
OFFICE & COMPUTER EQUIPMENT	Rs.	1.42	Million

CORPORATE ENVIRONMENT, HEALTH & SOCIAL RESPONSIBILITY

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large, our focus remains on improving all aspects of safety especially with regards to the safety in production, delivery, storage and handling of materials, Safety equipment's have been placed at different sites in the Mills as well as

registered head office of the company regular visit of Doctor to mill provide medical advice and treatment.

CONTRIBUTION TO NATIONAL EXCHEQUER

Premium Textile contributes towards the national economy of account of Taxes & Other levies; during the period under review our company paid Rs.43.34 Million as tax & customs duties.

CHARITY AND DONATION

Charity and donation amounting to Rs.1.35 million paid during the period.

RURAL DEVELOPMENT PROGRAME

As on factory situated superhighway near Nooriabad Industrial estate the employment has been awarded to nearest locality persons in the fields of loading, un-loading, packing, security etc. Premium Textile Mills Ltd practices active corporate citizenship through corporate philanthropy, energy conservation, environmental protection measures, community service, consumer protection measure employment of special person, occupational health and safety, business ethics anticorruption measures and contribution to national exchequer.

FUTURE OUTLOOK

This past year was an exceptional one for two reasons: Accrued PKR devaluation over the past 4 years was adjusted in 2018, and the price band of international cotton jumped 20% due to continuous supply shortage and depletion of Chinas reserve cotton stocks. Both factors contributed significantly to inventory gain on our cotton stocks. Going forward we do not see these onetime gains recurring and hence have lowered our profitability outlook for the next fiscal year. However, we are growing, diversifying and continue to improve our performance relative to the industry.

CORPORATE & FINANCIAL REPORTING FRAME WORK

Your company is committed to standards of corporate governance and continually seeking improvements. The company applies the principles contained in the following manner.

a) The financial statements, prepared by the company, fairly presents its state of affairs in operations, cash flows and changes in equity.
b) Proper books of account have been maintained.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, of financial statements and any deviation has been adequately disclosed.
d) International accounting Standards, as applicable in Pakistan, has been followed in preparation.
e) The system of internal control is sound in design and has been effectively implemented and monitored.
f) There has been no deviation from the best practices of corporate governance, as mentioned in the listing regulations.
g) The Company's record shows growth in terms of quantity and sales of value added yarn as per plan keeping in view future prospects regarding sales, the company has improved its production performance by making capital expenditure in different departments of mill. This was done in line with the company's objective of providing quality products and value added yarn.
h) During the year under review four Board of Directors meetings were held and attended as follows:

NAME OF DIRECTORS	NO OF MEETING ATTEND
01- Mr.Aslam Parekh	4
02- Mr.Abdul Kadir Adam	3
03- Mr,M.Yasin Siddik	3
04- Mr.Tufail Sattar	4
05- Mr.M.Ali Jalliawala	4
06- Mr.G.M.Surti	2
07- Mr.Khizar Yousuf Sattar	2
08- Mr.Farrukh Viqaruddin Junaidy	2
09- Mr.Tanzeel Abdul Sattar	2

(However, leave of absence was granted to the Directors who could not attend the Board Meetings due to their preoccupations).

i) During the year under review, trading in shares of the Company by the Directors, CEO and their spouses are as follows:

	Opening Balance **01-07-2017**	Purchases	Sale	Closing Balance **30-06-2018**
Mr.Abdul Kadir Adam	**33,986**	_	_	**33,986**
Mr.Yasin Siddik	**284,075**	_	_	**284,075**
Mr.Nabila Kadir (W/O Kadir Adam)	**35,400**	_	_	**35,400**
Mr.Nabila Yasin (W/O Yasin Siddik)	**121,858**	_	_	**121,858**

AUDITORS

The Present Auditors of the Company M/S Rehman Sarfraz Rahim Iqbal Rafiq (Chartered Accountants) retire and being eligible, offer themselves for reappoint as Auditor for the ensuring year.

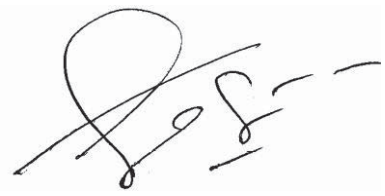
PATTERN OF SHAREHOLDING

The pattern of shareholding of the company as at June 30, 2018 is annexed

ACKNOWLEDGEMENT

The Board is pleased to record its appreciation to its bankers for their continued support, its staff Member and workers for their hard work. The Board appreciates the valued shareholders for their Confidence & moral support. The Board also thanks its valued customers for their business and Support to your Company.

On behalf of Board of Directors.



Mohammad Tufail
Director

27th September, 2018.
Karachi.

چیئرمین/ڈائریکٹرز رپورٹ

معزز حصص کاروں،

ڈائریکٹرز آپ کے سامنے 31st سالانہ رپورٹ اور کمپنی آڈٹ اکاؤنٹ ساتھ پیش کرتے ہیں جو کہ 30 جون 2018 تک آپ کی نظر ثانی اور منظوری کے لئے ہوگا۔

آپریٹنگ نتیجہ:

2018	2017	
517,631,815	385,470,596	آپریٹنگ منافع
(189,992,426)	**(178,548,310)**	مالیاتی و دیگر
327,639,389	206,922,286	محصول سے پہلے منافع
17,711,696	(31,325,599)	محصول
345,351,085	175,596,687	محصول کے بعد منافع
56.04	28.49	فی حصص آمدنی
11.15%	10.13%	مجموعی مارجن %
8.05%	7.12%	آپریٹنگ منافع %

مالیاتی کارکردگی

کمپنی کی کل تبدیلی (turnover) میں 18.81% اضافہ Rs.5.413 بلین سے 6.431 بلین تک ہوا۔ خام مال کی قیمت میں اضافہ 7% ہوا، پیداواری اخراجات میں اضافہ 11% ہوا، مالیاتی چارجز میں اضافہ KIBOR اور SBP کے ریٹس میں اضافے کے سبب ہوا اور کمپنی نے بھی F.E قرض کو ڈالر کی بڑھتی ہوئی قیمت کے باعث حاصل نہیں کیا۔

منافع بخش (Dividends)

کمپنی کے بورڈ آف ڈائریکٹرز نے مندرجہ ذیل اختصاصات برائے سال 18-2017 کو ممبران کی سالانہ جنرل میٹنگ 23 اکتوبر 2018 کے لئے تجویز کیا۔

کیش ڈیوینڈ -/Rs.22.50 فی حصص، جیسا کہ 225% (2017:-/Rs.12.50 فی حصص، جیسا کہ 125%)

بزنس کارکردگی کی رپورٹ

عمومی سرگرمی

کمپنی کی عمومی سرگرمی سوت (yarn) کی تیاری ہے۔

پیداوار میں تنوع:۔

ہم نے اپنی کوششوں کو جاری رکھا تا کہ کاروبار کو آگے بڑھایا جاسکے اور اس کی پیداوار کو بھی جو کہ ہماری سوت سے متعلق ہیں جیسا کہ ڈائیڈ یارن (سوت) PV-PC-CV اور چین یارن، انجیکشن یارن اور جولائی 2018 میں سوت کی پیداوار کی گئی، مشین MVS اور ACO-9 کے منافع کو بڑھایا گیا اور اس کی پیداوار قابلیت میں اضافہ کیا گیا۔

مواد میں تبدیلی اور عزم

اس عرصے کے دوران کمپنی کے نہ ہی مواد میں کوئی تبدیلی کی گئی اور نہ ہی عزم تبدیل ہوا۔

معلومات عامہ

کمپنی نے اختراع (innovation) پر سختی کے ساتھ توجہ مرکوز رکھی اور مزید مواقع پیدا کئے تا کہ پیداوار کو بہتر بنایا جاسکے اور حصص کاروں کی قدر کو بڑھایا جاسکے۔ کمپنی نے اس سال مجموعی طور پر اچھی کارکردگی دکھائی اور ڈائریکٹر کو بھی بھرپور اعتماد ہے کہ کمپنی کی پوزیشن مستحکم ہے، پیداواری سلسلہ میں اضافہ پلانٹ اپگریڈیشن اور متفرق اسپائنڈلز کی وجہ سے ہوا، جس کا فائدہ حصص کاروں، ملازمین، گاہکوں اور بینکرز کو ہوگا۔

مقرر اثاثوں کے علاوہ

سال کے دوران مندرجہ ذیل اثاثے شامل کئے گئے۔

زمین	Rs.	0.96	ملین
بلڈنگ	Rs.	26.39	ملین
مشینری			
2عدد آٹوکورو۔9	Rs.	242.22	ملین
6عدد کارڈز	Rs.	116.56	ملین
MVS-870 وارٹکس اسپننگ	Rs.	98.07	ملین
4عدد ڈرافریم	Rs.	27.02	ملین
4عدد کراؤن ونڈرز	Rs.	96.28	ملین
QPRO لنک کارز	Rs.	5.08	ملین
BLOW روم 1 لائن	Rs.	39.90	ملین
وژن شیلڈ	Rs.	20.22	ملین
یارن ٹیسٹنگ	Rs.	17.08	ملین
اسٹیم آبزربشن چلر	Rs.	16.17	ملین
ڈسٹ اینڈ ویسٹ ریموول	Rs.	15.70	ملین
ٹرانسپورٹ کا نظام	Rs.	8.66	ملین
Humdification پلانٹ	Rs.	3.96	ملین
کولنگ ٹاور	Rs.	1.35	ملین

نائٹنگ مشین	Rs.	1.53	ملین
فڈنگ کین کرل DX-8	Rs.	1.71	ملین
ریل ٹائم ای آر پی موڈیول	Rs.	2.10	ملین
ویسٹ ہیٹ ریکوری بوئلر+ ایکونومائزر	Rs.	4.39	ملین
آرک مانیٹرنگ ڈیوائس	Rs.	1.73	ملین
سلور کین ودیگر	Rs.	10.82	ملین
الیکٹریکل			
جین سیٹ 4000-KW	Rs.	139.53	ملین
ایچ ٹی انجین	Rs.	2.24	ملین
ایل ای ڈی ٹیوبس	Rs.	0.76	ملین
دیگر الیکریکل ورکس کیبل اور وائر	Rs.	17.22	ملین
گاڑیاں	Rs.	14.49	ملین
آفس کمپیوٹر وسامان	Rs.	1.42	ملین

کارپوریٹ ماحول، صحت اور سماجی ذمہ داری

کمپنی کام کرنے والے حالات کو برقرار رکھتی ہیں جو کہ بالکل محفوظ ہیں اور تمام ملازمین کی صحت کے خطرے کے بغیر ہے اور ہمارا مقصد حفاظتی اقدامات کو یقینی بنانا ہے تا کہ پیداوار، ترسیل، اسٹور تیج اور ساز وسامان، حفاظتی اوزار کی حفاظت کی جاسکے جو کہ ملز کی دیگر جگہوں پر موجود ہیں اور ساتھ ہی ساتھ کمپنی کے ہیڈ آفس میں بھی جہاں پر ڈاکٹر کا ریگولر وزٹ ہوتا ہے جہاں پر طبی مشورے اور علاج کیا جاتا ہے۔

قومی تابکاری کے لئے تعاون

پریمیم ٹیکسٹائل قومی اقتصادیات اور دیگر لیویز کے لئے تعاون کرتی ہے، عرصے کے دوران ہماری کمپنی نے Rs.43.34 ملین ٹیکس اور کسٹم ڈیوٹی کی ادائیگی کی ہے۔

صدقہ اور عطیہ

صدقہ اور عطیہ کی میں رقم مبلغ Rs.1.35 روپے کی عرصے کے دوران ادائیگی کی گئی۔

دیہی ترقیاتی پروگرام

جیسا کہ فیکٹری سپر ہائی نزد نوری آباد انڈسٹریل اسٹیٹ پر واقع ہے جسے لوڈنگ، ان لوڈنگ، پیکنگ، سیکورٹی وغیرہ کی فیلڈ میں بہترین قریبی علاقے کا ایوارڈ بھی دیا گیا۔ پریمیم ٹیکسٹائل ملز لمیٹڈ فعال کارپوریٹ سٹیزن کے طور پر کام کرتی ہے بذریعہ کارپوریٹ فلسفہ، توانائی کا تحفظ، ماحولیاتی حفاظتی اقدامات، سماجی خدمات، صارفین کے تحفظ کی پیائش برائے خصوصی اشخاص، پیشہ وارانہ صحت وحفاظت، کاروباری اخلاقیات، بدعنوانی کے اقدامات اور قومی تابکاری کا تعاون شامل ہے۔

مستقبل کا نقطہ نظر

پچھلا سال دو وجوہات کی بناء پر غیر معمولی رہا۔ مجموعی PKR کی قیمت جو کہ گزشتہ 4 سالوں سے ہو رہی تھی اُسے 2018 میں ایڈجسٹ کر دیا گیا، اور بین الاقوامی کاٹن کی قیمت میں 20% مسلسل فراہمی کی قلت اور چائنا کے کاٹن ریزرو میں کمی کے باعث اضافہ ہوا۔ دونوں عوامل کی وجہ سے نمایاں طور پر ہمارے کاٹن کے اسٹاک کو فائدہ حاصل ہوا ہے۔ آگے بڑھتے ہوئے ہمیں صرف ایک بار حاصل نہیں ہوا ہے اور جیسا کہ ہم نے اپنے منافع میں کمی کر دی ہے اگلے مالیاتی سال کے لئے۔ جبکہ، ہم بڑھ، متنوع ہو رہے ہیں، اور انڈسٹری کے لحاظ سے ہماری کارکردگی میں بہتری آتی جا رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

آپ کی کمپنی کا کارپوریٹ گورننس کے معیار پر عمل ہے اور مسلسل بہتری کی جانب گامزن ہے۔ کمپنی مندرجہ ذیل اصولوں کو لاگو کرتی ہے۔

a) مالیاتی تفصیلات، جسے کمپنی کی طرف سے تیار کیا جائے گا، منصفانہ طور پر اس کے معاملات کو آپریشن میں پیش کیا جائے گا، نقدی بہاؤ اور مساوات کی تبدیلی۔

b) اکاؤنٹس کی تفصیلات کو باقاعدہ طور پر برقرار رکھا جائے گا۔

c) مناسب اکاؤنٹنگ کی پالیسیوں کو مالیاتی تفصیلات کے لئے مسلسل لاگو کیا جانا اور اکاؤنٹس کے اندازے مناسب فیصلے پر مبنی ہونا چاہیے اور کسی بھی قسم کے انحراف کو مناسب طور پر افشاں کیا جائے گا۔

d) بین الاقوامی حساب کتاب کا معیار، جو کہ پاکستان میں لاگو ہے، تیاری میں اُس کی پیروی کی جائے گی۔

e) اندرونی مالیاتی کنٹرول کو بہتر طور پر تیار کیا گیا ہے جس کی مؤثر طریقے سے نگرانی اور عملدرآمد کروایا جائے گا۔

f) کارپوریٹ گورننس کے بہترین طریقوں سے انحراف نہیں ہوا ہے، جنہیں اصول وضوابط کی فہرست میں شامل کیا گیا ہے۔

g) کمپنی کے ریکارڈ کے مطابق مقدار اور فروخت کو مستقبل کے تناظر میں دیکھا جائے تو ترقی ہوئی ہے، کمپنی نے پیداوار کی کارکردگی میں بہتری لائی ہے اس نے مل کے مختلف ڈیپارٹمنٹس میں سرمایہ کاری بھی کی ہے۔ یہ تمام کام کمپنی کے مقصد کے تحت کیا گیا ہے تاکہ بہتر معیار اور اچھی سوت (یارن) مہیا کی جا سکے۔

h) سال کے دوران کا جائزہ لیں تو چار بورڈ آف ڈائریکٹرز کی میٹنگ منعقد کی گئی اور ذیل نے اُس میں شرکت بھی کی۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
مسمی اسلم پاریکھ	4
مسمی عبدالقادر آدم	3
مسمی محمد یاسین صدیق	3
مسمی طفیل ستار	4
مسمی محمد علی جالی والا	4
مسمی جی ایم سورتی	2
مسمی خضر یوسف ستار	2
مسمی فرخ وقار الدین جنیدی	2
مسمی تنزیل عبدالستار	2

(جبکہ، غیر موجودگی میں چھٹی کی اجازت اُن ڈائریکٹرز کو دی گئی جو اجلاس میں شرکت کرنے سے قاصر رہے۔)

ا) سال کے دوران، ڈائریکٹرز، سی ای او اور ان کی شریک حیات کی جانب سے حصص میں تجارت کی گئی، جو کہ ذیل میں درج ہے۔

	ابتدائی بیلنس	خریداری	فروخت	اختتامی بیلنس
	01-07-2017			30-06-2018
مسمی عبدالقادر آدم	33,986	-	-	33,986
مسمی یاسین صدیق	284,075	-	-	284,075
مسمی نبیلہ قادر (زوجہ قادر آدم)	35,400	-	-	35,400
مسمی نبیلہ یاسین (زوجہ یاسین صدیق)	121,858	-	-	121,858

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز رحمٰن سرفراز رحیم اقبال رفیق (چارٹرڈ اکاؤنٹینٹ) جو کہ ریٹائرڈ ہو چکے اور اہل ہیں، جنہوں نے اپنے آپ کو بحیثیت آڈیٹر دوبارہ تعیناتی کے لئے پیش کیا۔

شیئر ہولڈنگ کا پیٹرن:

کمپنی کا شیئر ہولڈنگ کا نمونہ جون 30، 2018، منسلک ہے۔

اعتراف:

بورڈ بینکرز کی مسلسل حمایت کے سلسلے میں اُن کا مشکور ہے۔ بورڈ معزز حصص کاروں کے اعتماد اور ان کی اخلاقی حمایت کو بھی سراہاتا ہے۔ بورڈ اپنے معزز صارفین کو ان کے کاروبار اور کمپنی کی حمایت پر اُن کا بھی شکر گزار ہے۔

ڈائریکٹرز کی جانب سے

محمد طفیل

ڈائریکٹر

27 ستمبر 2018

کراچی

KEY OPERATING AND FINANCIAL RESULTS

(Rupees in ' 000)

	2018	2017	2016	2015	2014	2013
OPERATING DATA						
Sales (net)	6431373	5413151	4814022	6030823	7212829	4932271
Cost of Goods Sold	5714213	4864806	4394522	5506409	6526785	4124263
Gross Profit	717161	548345	419500	524414	686044	808008
Operating Profit	517632	385471	274693	359436	521127	690473
Financial charges & others	189992	178548	152597	166941	470398	182026
Profit /(Loss) before taxation	327639	206922	122096	192495	50729	508447
Profit /(Loss) after taxation	345351	175597	138264	162707	66859	493200
FINANCIAL DATA						
Shareholders equity	1821775	1555594	1455576	1369630	1216428	1232127
Long term liabilities	1403775	805266	857624	700000	700000	0
Deferred liabilities	8135	31429	33819	33714	52189	45642
Current liabilities	2435988	2472733	1563597	1432340	2685433	2817346
	5669673	**4865022**	**3910615**	**3535684**	**4654050**	**4095115**
Fixed Assets	2791194	2113732	2142795	1810720	1841389	1458731
Long Term Deposit	1999	1504	1504	1504	1504	1191
Long Term Investment	0	0	0	0	1966	1966
Current Assets	2876480	2749786	1766316	1723460	2809192	2633227
	5669673	**4865022**	**3910615**	**3535684**	**4654050**	**4095115**
KEY RATIOS						
Gross Margin	11.15%	10.13%	8.71%	8.70%	9.51%	16.38%
Operating Margin	8.05%	7.12%	5.71%	5.96%	7.22%	14.00%
Net Profit	5.37%	3.24%	2.87%	2.70%	0.93%	10.00%
Current Ratio	1.18	1.11	1.13	1.20	1.05	0.93
Earning Per Share (Rupees)	56.04	28.49	22.43	26.40	10.85	80.03
Break-up value of shares	Rs. 295.60	Rs. 252.41	Rs. 236.18	Rs. 222.23	Rs. 197.38	Rs. 199.92
Cash Dividend %	**225.00%**	**125.00%**	**100.00%**	**60.00%**	**35.00%**	**125.00%**
STATISTICS						
Spindles Installed	73308	77628	77628	61260	61260	47263
Spindles Worked	69291	68215	58562	59659	57718	45104
Production Capacity Conversion 20/s in Kgs.	25656625	26507906	26507906	20861356	20861356	16094846
Actual Production Conversion 20/s in Kgs.	24865547	20391993	19997216	21239598	19655151	15085312

PATTERN OF HOLDING OF SHARES AS AT JUNE 30, 2018

Number Of Share Holders	Share Holding From		To	Total Shares Held
544	1	-	100	39335
104	101	-	500	34416
50	501	-	1000	44486
56	1001	-	5000	149023
18	5001	-	10000	140060
10	10001	-	15000	127490
3	15001	-	20000	54586
4	20001	-	25000	93400
1	30001	-	35000	34400
2	35001	-	40000	72200
3	45001	-	50000	150000
1	50001	-	55000	51800
1	70001	-	75000	74010
1	85001	-	90000	88600
1	95001	-	100000	100000
1	100001	-	105000	104500
3	110001	-	115000	332100
1	120001	-	125000	121858
1	240001	-	245000	240523
1	280001	-	285000	284075
1	400001	-	405000	404250
1	615001	-	620000	615623
1	2805001	-	2810000	2806265
809				**6,163,000**

Detail of Categories of Shareholders

As at June 30, 2018

Shareholders' Category		Shares Held	%
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS			
NATIONAL BANK OF PAKISTAN		455	
	Sub-Total :	**455**	**0.01**
DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE, MINOR CHILDREN AND RELATIVES			
MR.MUHAMMAD ASLAM PAREKH	CHAIRMAN	11,600	
MR.ABDUL KADER HAJI ADAM	CHIEF EXECUTIVE	33,986	
MR.MOHAMMAD YASIN SIDDIK	EXECUTIVE DIRECTOR	284,075	
MR.KHIZER YOUSUF SATTAR	DIRECTOR	3,000	
MR.MOHAMMAD ALI JALIAWALA	DIRECTOR	3,000	
MR.TUFAIL SATTAR	DIRECTOR	3,000	
MRS.NABILA KADER	W/O.KADER ADAM	35,400	
MRS.NABILA YASIN	W/O.YASIN SIDDIK	121,858	
MR.ZAID YASIN	S/O.YASIN SIDDIK	10,000	
MS.SAADIA YASIN	D/O.YASIN SIDDIK	10,000	
MST. RAZIA		110,700	
MST. NEELUM SIDDIQ		110,700	
MST. FARHEEN SIDDIQ		110,700	
MST. LUBNA SIDDIQ		110,700	
MST MUNEZA SIDDIQ		110,700	
	Sub-Total :	**1,069,419**	**17.35**
NIT AND ICP			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT)		615,623	
INVESTMENT CORP. OF PAKISTAN		500	
	Sub-Total :	**616,123**	**10.00**
OTHERS			
MAPLE LEAF CAPITAL LIMITED		1	
FIKREE'S (SMC-PVT) LTD.		381	
MUHAMMAD AHMAD NADEEM SEC (SMC-PVT) LTD		500	
FREEDOM ENTERPRISES (PVT) LTD		1,000	
PAKISTAN MEMON EDUCATIONAL & WELFARE SOC		2,000	
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BE		2,597	
M/S ABDUL KADIR ADAM BENEFICIARY TRUST		5,000	
PROVIDUS CAPITAL (PVT) LTD		9,600	
PREMIER FASHIONS (PVT) LTD		11,000	
SIZA (PRIVATE) LIMITED		14,400	
GOLDEN ARROW SELECTED STOCKS FUND LIMITED		23,400	
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LT		35,400	
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYS		74,010	
TRUSTEES OF NABILA AND ABDUL KADIR ADAM		240,523	
RAHMAT INVESTMENT COMPANY (PVT) LTD		404,250	
TRUSTEES OF ABDUL KADIR ADAM BENEFICIARY		2,806,265	
	Sub-Total :	**3,630,327**	**58.91**
Individual			
Local - Individuals		846,676	
	Sub-Total :	**846,676**	**13.74**
	Grand Total :	**6,163,000**	**100.00**

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400 PAKISTAN.
Tel No. (021) 34549345-9
E-Mail: info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

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 Premium Textile Mills Limited (the Company) for the year ended June 30, 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 June 30, 2018.

Karachi.
Date: 26 SEP 2018

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

A member of
Russell Bedford International
A global network of independent accountancy firms, business consultants and specialist legal advisers.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company : **Premium Textile Mills Limited**
Year ending : **June 30, 2018**

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

1. The total numbers of director are seven as per the following:

   a. Male : 07
   b. Female : Exempted for current term

2. The composition of board is as follows:

Category	Names
Independent Directors	Mr.Mohammad Tufail Mr.Mohammad Ali Jaliawala
Executive Directors	Mr.Abdul Kader Haji Adam, Mr.Mohammad Yasin Siddik
Non-Executive Directors	Mr.Mohammad Aslam, Mr.Khizar Yousuf Sattar , Mr.Tanzeel Abdul Sattar (NIT)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

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

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

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

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

9. 5 out of 7-Directors have been exempted from Directors' Training program as per criteria mentioned in Regulation 20 clause (2) of the Listed Companies (Code of Corporate Governance) Regulation, 2017.The Company will arrange Director's Training Program for remaining Directors by June 30, 2019.

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 2-Directors in absence of CEO have 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.Mohammad Tufail	Chairman
Mr.Mohammad Aslam	Member
Mr.Mohammad Ali Jaliawala	Member

b) HR and Remuneration Committee

Mr.Mohammad Ali Jaliawala	Chairman
Mr.Mohammad Aslam	Member
Mr.Mohammad Tufail	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 (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee

Yearly	26th Sep, 2017
1st Quarterly	26th Oct, 2017
Halfyearly	23rd Feb, 2018
3rd Quarterly	21st Apr, 2018

b) HR and Remuneration Committee

26th Oct, 2017

15. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP 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.

On behalf of the Board of Directors



Chairman
Mohammad Aslam

Karachi:
The 27th September, 2018

FINANCIAL STATEMENTS 2018

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400 PAKISTAN.
Tel No. (021) 34549345-9
E-Mail: info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITORS' REPORT

To the members of Premium Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Premium Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 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 ('the financial statements'), 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, 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 June 30, 2018 and of the profit and 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 / Institute of Cost and Management Accountants (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 Matter(s)

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.

Cont'd... P/2

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400 PAKISTAN.
Tel No. (021) 34549345-9
E-Mail: info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

Following is the Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
01.	**New requirements under the Companies Act, 2017 (Refer note 3.5)** The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements which replaced previously applicable fourth schedule to the repealed Companies Ordinance 1984. The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.	We reviewed the requirements of the Fourth schedule to the Act and carried out the following audit procedures to ensure that the financial statements were prepare in accordance with new requirements: • As part of transition to new requirements, the management performed a gap analysis to identify additional requirements of disclosure for the current financial reporting framework. We reviewed the management's process to identify the necessary amendments required in the Company's financial statements; • We evaluated the results of management's analysis and key decisions taken in respect of the transition; and • We assessed the adequacy and appropriateness of the additional disclosures made in the annexed financial statements based on the new requirements.

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

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

Cont'd... P/3

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400 PAKISTAN.
Tel No. (021) 34549345-9
E-Mail: info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

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 scepticism 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.

Cont'd... P/4

A member of
Russell Bedford International
A global network of independent accountancy firms,
business consultants and specialist legal advisers.

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400 PAKISTAN.
Tel No. (021) 34549345-9
E-Mail: info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Rafiq Dosani.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: 27 SEP 2018

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		Rupees	
ASSETS			
Non- Current Assets			
Property, plant and equipment	*6*	**2,791,194,470**	2,113,732,135
Long term deposits		**1,999,100**	1,504,100
		2,793,193,570	2,115,236,235
Current Assets			
Stores and spares		**38,355,861**	32,979,036
Stock in trade	*7*	**1,452,976,902**	1,372,120,482
Trade debts	*8*	**1,139,707,848**	1,154,830,628
Taxation-Net	*9*	**149,818,090**	131,428,862
Advances, deposits, prepayments and other receivables	*10*	**59,646,651**	49,467,579
Cash and bank balances	*11*	**35,974,369**	8,959,281
		2,876,479,721	2,749,785,868
Total Assets		**5,669,673,291**	4,865,022,103
EQUITY AND LIABILITIES			
Capital And Reserves			
Authorized Capital			
7,000,000 (2017: 7,000,000) ordinary shares of Rs. 10/- each		**70,000,000**	70,000,000
Issued, subscribed and paid up capital	12	**61,630,000**	61,630,000
Surplus on revaluation	*13*	**4,050,847**	8,930,381
Unappropriated profit		**1,756,093,953**	1,485,033,530
		1,821,774,800	1,555,593,911
LIABILITIES			
Non - Current Liabilities			
Long term loan-secured	*14*	**1,403,775,478**	805,266,207
Deferred liabilities	*15*	**8,135,162**	31,428,869
		1,411,910,640	836,695,076
Current liabilities			
Trade and other payables	*16*	**706,375,198**	506,291,780
Unclaimed dividend		**5,303,224**	4,157,917
Accrued markup	*17*	**43,138,510**	32,883,404
Short term borrowings - secured	*18*	**1,637,603,397**	1,877,897,222
Current Portion of long term loan	*14*	**43,567,522**	51,502,793
		2,435,987,851	2,472,733,116
Contingencies and Commitments	*19*		
Total Equity And Liabilities		**5,669,673,291**	4,865,022,103

The annexed notes from 1 to 40 form an integral part of these financial statements.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

As required under Section 232(1) of the Companies Act, 2017, these financial statements have been signed by two Directors in absence of Chief Executive of the Company who is for the time being out of country and by Chief Financial Officer.

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

	Note	2018	2017
		Rupees	
Sales - net	20	**6,431,373,187**	5,413,151,340
Cost of sales	21	**(5,714,212,560)**	(4,864,806,065)
Gross profit		**717,160,627**	548,345,275
Administrative expenses	22	**(107,575,123)**	(88,649,511)
Distribution costs	23	**(91,953,689)**	(74,225,168)
		(199,528,812)	(162,874,679)
Operating profit		**517,631,815**	385,470,596
Finance costs	24	**(201,128,319)**	(166,305,773)
Other operating expenses	25	**(24,282,618)**	(15,335,809)
Other income	26	**35,418,511**	3,093,272
		(189,992,426)	(178,548,310)
Profit before taxation		**327,639,389**	206,922,286
Taxation	27	**17,711,696**	(31,325,599)
Profit after taxation		**345,351,085**	175,596,687
Earnings per share - basic and diluted	28	**56.04**	28.49

The annexed notes from 1 to 40 form an integral part of these financial statements.

DIRECTOR **DIRECTOR** **CHIEF FINANCIAL OFFICER**

As required under Section 232(1) of the Companies Act, 2017, these financial statements have been signed by two Directors in absence of Chief Executive of the Company who is for the time being out of country and by Chief Financial Officer.

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	
Profit after taxation	**345,351,085**	175,596,687
Other comprehensive income		
- Actuarial loss on Defined Benefit Obligation	**(2,132,696)**	(13,948,521)
Total comprehensive income for the year	**343,218,389**	161,648,166

The annexed notes from 1 to 40 form an integral part of these financial statements.

DIRECTOR **DIRECTOR** **CHIEF FINANCIAL OFFICER**

As required under Section 232(1) of the Companies Act, 2017, these financial statements have been signed by two Directors in absence of Chief Executive of the Company who is for the time being out of country and by Chief Financial Officer.

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

	Issued, subscribed & paid up capital	Unappropriated profits	Surplus on revaluation	Total
		Rupees		
Balance as at July 1, 2016	61,630,000	1,384,023,099	9,922,646	1,455,575,745
Profit after tax	-	175,596,687	-	175,596,687
Other comprehensive income	-	(13,948,521)	-	(13,948,521)
	-	161,648,166	-	161,648,166
Transfer to unapproppriated profit on account of incremental depreciation	-	992,265	(992,265)	-
Final Cash dividend paid @ 100% for the year ended June 30, 2016 (2015: 60%)	-	(61,630,000)	-	(61,630,000)
Balance as at June 30, 2017	61,630,000	1,485,033,530	8,930,381	1,555,593,911
Balance as at July 1, 2017	**61,630,000**	**1,485,033,530**	**8,930,381**	**1,555,593,911**
Profit after tax	-	**345,351,085**	-	**345,351,085**
Other comprehensive income	-	**(2,132,696)**	-	**(2,132,696)**
	-	**343,218,389**	-	**343,218,389**
Transfer to unapproppriated profit on account of incremental depreciation	-	**4,879,534**	**(4,879,534)**	-
Final Cash dividend paid @ 125% for the year ended June 30, 2017 (2016: 100%)	-	**(77,037,500)**	-	**(77,037,500)**
Balance as at June 30, 2018	**61,630,000**	**1,756,093,953**	**4,050,847**	**1,821,774,800**

The annexed notes from 1 to 40 form an integral part of these financial statements.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

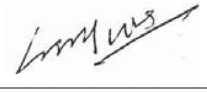
As required under Section 232(1) of the Companies Act, 2017, these financial statements have been signed by two Directors in absence of Chief Executive of the Company who is for the time being out of country and by Chief Financial Officer.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		——— Rupees ———	
Profit before taxation		**327,639,389**	206,922,286
Adjustments for:			
Depreciation		**241,169,233**	229,585,294
Loss / (Gain) on disposal of property, plant and equipment		**16,419,735**	(9,955)
Provision for gratuity		**17,505,497**	18,146,463
Contribution to Workers' Profit Participation Fund		**17,596,100**	11,112,905
Contribution to Workers' Welfare Fund		**6,686,518**	4,222,904
Exchange gain on debtors		**(22,623,160)**	(3,707,604)
Exchange loss on FE loan		**-**	624,287
Finance costs		**201,128,319**	166,305,773
		477,882,242	426,280,067
Cash generated from operating activities before working capital changes		**805,521,631**	633,202,353
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
Stores and spares		**(5,376,825)**	3,429,474
Stock in trade		**(80,856,420)**	(484,029,506)
Trade debts		**37,745,940**	(476,787,972)
Advances, deposits, prepayments and other receivables		**(10,179,072)**	(12,233,872)
Sales tax refundable		**33,952,723**	(47,903,206)
Increase/(decrease) in current liabilities			
Trade and other payables		**186,913,705**	153,473,817
		162,200,051	(864,051,265)
Cash generated from / (used in) operations		**967,721,682**	(230,848,912)
Taxes paid		**(52,908,071)**	(9,937,857)
Gratuity paid		**(24,654,084)**	(23,614,414)
Dividend paid		**(75,892,193)**	(60,742,903)
Payment of Workers' profit participation fund		**(14,623,746)**	(12,834,328)
Finance cost paid		**(187,362,373)**	(152,320,845)
Long term deposits		**(495,000)**	-
Net cash (used in) / generated from operating activities		**611,786,215**	(490,299,259)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(948,719,747)**	(203,725,281)
Proceeds from disposal of property, plant and equipment		**13,668,445**	3,212,400
Net cash (used in) investing activities		**(935,051,302)**	(200,512,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan paid		**(225,731,000)**	(145,000,000)
Long term loan obtained		**816,305,000**	74,145,000
Net cash generated from / (used in) financing activities		**590,574,000**	(70,855,000)
Net increase / (decrease) in cash and cash equivalents		**267,308,913**	(761,667,140)
Cash and cash equivalents at the beginning of the year		**(1,868,937,941)**	(1,107,270,801)
Cash and cash equivalents at the end of the year	*29*	**(1,601,629,028)**	(1,868,937,941)

The annexed notes from 1 to 40 form an integral part of these financial statements.





DIRECTOR **DIRECTOR** **CHIEF FINANCIAL OFFICER**

As required under Section 232(1) of the Companies Act, 2017, these financial statements have been signed by two Directors in absence of Chief Executive of the Company who is for the time being out of country and by Chief Financial Officer.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

Premium Textile Limited ("the Company") is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited ("the Exchange"). The principal activity of the Company is to manufacture and sell cotton and polyester yarn. The Company's registered office is situated at 1st Floor, Haji Adam Chamber, Altaf Hussain Road, New Challi, Karachi, Pakistan. The Company's plant is located at Plot 58.60.61 and 76,77,78, Nooriabad, District Daddu, Sindh, Pakistan.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company‟s statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors‟ Report.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for Plant and machinery and electrical instruments and installations which are carried at revalued amount and employee retirements benefits which is carried at present value of defined benefit obligation.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Company.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with 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, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are involved or where judgment was exercised in application of accounting policies are as follows:

	Note
- Useful lives and residual values of property, plant and equipment	4.1
- Provision of slow moving and obsolete stores and spares	4.3
- Provision for obsolete inventory	4.4
- Provision for staff retirement benefits	4.9
- Provision for taxation	4.10

3.5 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and 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. Additional disclosures include but are not limited to, particulars of immovable assets of the Company, management assessment of sufficiency of tax provision in the financial statements , change in threshold for identification of executives, additional disclosure requirements for related parties etc.

Amendments / interpretations to existing standards and forthcoming requirements

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company"s financial statements.

- Transfers of Investment Property (Amendments to IAS 40 „Investment Property" -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company"s financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 „Investments in Associates and Joint Ventures"] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company"s financial statements.

- IFRIC 22 „Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018) 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 application of interpretation is not likely to have an impact on the Company"s financial statements.

- IFRS 15 „Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 „Revenue", IAS 11 „Construction Contracts" and IFRIC 13 „Customer Loyalty Programmes". The Company is currently in the process of analyzing the potential impact of changes required in its revenue recognition policies on adoption of the standard.

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 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.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangement" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 "Income Taxes" - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 "Borrowing Costs" - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective for annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented.

4.1 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except plant and machinery and electrical instruments and installations which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalized.

Depreciation on all property, plant and equipment is charged using reducing balance method in accordance with the rates specified in note 6 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Depreciation on additions is charged from the date when the assets become available for use till the date of disposal

Any revaluation increase arising on the revaluation of plant and machinery and electrical instruments and installations is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company"s shareholders. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

Gains / losses on disposal of property, plant and equipment are charged to the statement of profit or loss.

Capital work - in - progress

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

4.2 Intangible assets

4.2.1 *Computer softwares*

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to the profit and loss account using the 'straight line'method over a period of 5 year. Amortization is charged when asset is available for use until asset is disposed off. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at balance sheet date.

Gain and losses on disposal of such assets, if any, are included in the profit and loss account.

4.3 Stores, spares and loose tools

Stores and spares are valued at cost less provision if any. The cost is determined using the weighted average method. Cost comprises invoice value plus other charges incurred thereon. Provision is made in the financial statements for slow moving and obsolete stores and spares based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit and loss.

4.4 Stock-in-trade

Stock in trade is valued at lower of cost and net realizable value. Cost in relation to stock-in-trade represents direct cost of materials, direct wages and an appropriate portion of production overheads and the related duties where applicable. Cost is determined as follows.

a)	Raw materials	average cost
b)	Work-in-process and finished goods	at weighted average cost comprising direct cost of raw material, labour and other manufacturing overheads.
c)	Waste materials	net realizable value
d)	Packing material	average cost

Provision is made in the financial statements against slow moving and obsolete stock-in-trade based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit or loss.

Net realizable value signifies the estimated selling prices in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

4.5 Trade debts and other receivables

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables 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 recognised 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 realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

4.6 Cash and cash equivalents

Cash and Cash equivalents are carried at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances and running finances.

4.7 Short term borrowings

Short term borrowings that are repayable in full on demand and are initially measured and subsequently stated at face value.

4.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

4.9 Staff retirement benefits - Defined benefit plan

The Company operates an unfunded gratuity scheme covering all permanent employees. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

All remeasurement gains and losses are recognised in other comprehensive income.

4.10 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of 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 enacted or substantially enacted at the reporting date and after taking into account tax credits, rebates and exemptions, if any. 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 using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.11 Provisions

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

4.12 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of direct expenses.

- Revenue from local sales is recognized on the basis of dispatch advice.
- Revenue from export sales is recognized on the basis of bill of lading..

4.14 Foreign currency transactions and translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into functional currency using the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.15 Borrowing costs

Borrowing costs are recognised as an 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 capitalised as part of the cost of that asset.

4.16 Financial instruments

4.16.1 Classification of Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company‟s right to receive payment is established.

d) Held -to- maturity

Held -to- maturity financial assets are those with fixed or determinable payments and fixed maturity, where management has the positive intention and ability to hold till maturity. These are carried at amortized cost.

4.16.2 Recognition, measurement and derecognition

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through profit and loss. Financial assets that are carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. In case of available for sale financial assets, the change in fair value is recognised in other comprehensive income and in case of financial assets classified as fair value through profit and loss, the change is recognised in profit and loss account for the year.

The fair values of quoted investments are based on quoted prices. In case quoted prices are not available, the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for-sale financial assets, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to profit and loss account as a reclassification adjustment. Impairment losses recognized in the profit and loss account on equity instruments classified as available-for-sale are not reversed through the profit and loss account.

4.16.3 Financial liabilities

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost using effective interest rate method.

4.16.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements, when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously

4.17 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset‟s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Non- financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

5 CHANGE IN ACCOUNTING POLICY

The specific provision / section 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 after line item of equity. This being not in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment now stands aligned therewith under Companies Act, 2017 and hence surplus on revaluation of fixed assets is now presented under equity.

Further, International Accounting Standard (IAS) 16 'Property, Plant and Equipment' requires that, if an amount equal to incremental depreciation on a revalued asset is transferred from revaluation surplus, such transfer is credited directly to retained earnings. However, contrary to this, the Company had been recognizing such transfers to equity through other comprehensive income instead of the same being credited directly to retained earnings. Therefore, in order to adopt the required presentation, the corresponding figures in the statement of comprehensive income have been re-presented that otherwise has no financial impact.

The impact of the above presentation has been accounted for retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and corresponding figures have been restated. However, as these restatements have no effect on the balance sheet as at the beginning of the earliest period presented (i.e. as of July 01, 2016), the same has not been presented.

In accordance with the requirements of IAS 8 „Accounting policies, estimates and errors", the above explained changes in accounting policy have been accounted for retrospectively as shown below:

	2017	2016
	Rupees	
Effect on statement of financial position		
- Share capital and reserves		
As previously reported	**1,546,663,530**	1,445,653,099
Effect of change in accounting policy	**8,930,381**	9,922,646
As restated	**1,555,593,911**	1,455,575,745
- Surplus on revaluation of property and plant		
As previously reported	**8,930,381**	9,922,646
Effect of change in accounting policy	**(8,930,381)**	(9,922,646)
As restated	**-**	-

There was no impact on reported figure of statement of profit and loss account and statement of cash flows as a result of the retrospective application of change in accounting policy.

	Note	**2018**	2017
		Rupees	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	**6.1**	**2,789,615,698**	2,112,607,135
Capital work in progress	**6.2**	**1,578,772**	1,125,000
		2,791,194,470	2,113,732,135

6.1 Operating fixed assets

	Free hold land	Building and godown on Free hold land	Plant and machinery	Office, tools, fire fighting and laboratory equipments	Furniture and fixtures	Computer and allied equipments	Vehicles	Electrical instruments and installations	Arms and ammunition	Total
	Rupees									
As at July 01, 2016										
Cost / Revalued amount	13,163,378	652,927,368	2,077,482,473	15,477,325	11,619,835	2,819,141	93,223,363	479,756,868	37,150	3,346,506,901
Accumulated depreciation	-	(268,778,905)	(762,830,583)	(7,643,484)	(8,051,294)	(2,176,710)	(40,209,553)	(167,964,144)	(34,315)	(1,257,688,988)
Net book value	**13,163,378**	**384,148,463**	**1,314,651,890**	**7,833,841**	**3,568,541**	**642,431**	**53,013,810**	**311,792,724**	**2,835**	**2,088,817,913**
Year ended June 30, 2017										
Opening net book value	13,163,378	384,148,463	1,314,651,890	7,833,841	3,568,541	642,431	53,013,810	311,792,724	2,835	2,088,817,913
Revaluation	-	-		-		-	-	-	-	-
Additions / transfers during the year	284,509	93,083,001	109,309,891	124,000	1,024,500	696,100	41,688,894	10,366,067	-	256,576,962
Disposals / transfers										
Cost	-	-	-	-	-	(666,700)	(9,409,450)	-	-	(10,076,150)
Accumulated depreciation	-	-	-	-	-	663,215	6,210,489	-	-	6,873,704
Net book value	-	-	-	-	-	(3,485)	(3,198,961)	-	-	(3,202,446)
Depreciation for the year	-	(42,732,236)	(138,765,421)	(790,263)	(453,263)	(304,215)	(14,625,699)	(31,913,913)	(284)	(229,585,294)
Closing net book value	**13,447,887**	**434,499,228**	**1,285,196,360**	**7,167,578**	**4,139,778**	**1,030,831**	**76,878,044**	**290,244,878**	**2,551**	**2,112,607,135**
As at July 01, 2017										
Cost / Revalued amount	13,447,887	746,010,369	2,186,792,364	15,601,325	12,644,335	2,848,541	125,502,807	490,122,935	37,150	3,593,007,713
Accumulated depreciation	-	(311,511,141)	(901,596,004)	(8,433,747)	(8,504,557)	(1,817,710)	(48,624,763)	(199,878,057)	(34,599)	(1,480,400,578)
Net book value	**13,447,887**	**434,499,228**	**1,285,196,360**	**7,167,578**	**4,139,778**	**1,030,831**	**76,878,044**	**290,244,878**	**2,551**	**2,112,607,135**
Year ended June 30, 2018										
Opening net book value	13,447,887	434,499,228	1,285,196,360	7,167,578	4,139,778	1,030,831	76,878,044	290,244,878	2,551	2,112,607,135
Revaluation	-	-	-	-	-	-	-	-	-	-
Additions / transfers during the year	959,089	26,393,899	745,257,986	313,400	362,000	739,800	14,489,838	159,749,964	-	948,265,976
Disposals / transfers										
Cost	-	-	(137,782,444)	-	(7,300)	-	(3,871,153)	-	-	(141,660,897)
Accumulated depreciation	-	-	108,782,793	-	6,637	-	2,783,287	-	-	111,572,717
Net book value	-	-	(28,999,651)	-	(663)	-	(1,087,866)	-	-	(30,088,180)
Depreciation for the year	-	(43,749,544)	(149,003,608)	(732,690)	(432,215)	(388,796)	(16,569,392)	(30,292,733)	(255)	(241,169,233)
Closing net book value	**14,406,976**	**417,143,583**	**1,852,451,087**	**6,748,288**	**4,068,900**	**1,381,835**	**73,710,624**	**419,702,109**	**2,296**	**2,789,615,698**
As at June 30, 2018										
Cost / Revalued amount	14,406,976	772,404,268	2,794,267,906	15,914,725	12,999,035	3,588,341	136,121,492	649,872,899	37,150	4,399,612,792
Accumulated depreciation	-	(355,260,685)	(941,816,819)	(9,166,437)	(8,930,135)	(2,206,506)	(62,410,868)	(230,170,790)	(34,854)	(1,609,997,094)
Net book value	**14,406,976**	**417,143,583**	**1,852,451,087**	**6,748,288**	**4,068,900**	**1,381,835**	**73,710,624**	**419,702,109**	**2,296**	**2,789,615,698**
Annual rates of depreciation	-	**10%**	**10%**	**10%**	**10%**	**30%**	**20%**	**10%**	**10%**	

	Note	2018	2017
		Rupees	

6.1.1 Depreciation for the year has been allocated as under :

Cost of sales	**228,267,762**	216,453,198
Administrative expenses	**12,901,471**	13,132,096
	241,169,233	229,585,294

6.1.2 Details of disposals made during the year are as follows :

Particulars	Cost / Revalued Amount	Accmulated Depreciation	Book Value	Proceeds	Gain/ (Loss) on Disposal	Mode of Disposal	Particulars of buyer
	2018						
Auto cone spindle-Murata	10,604,558	9,772,861	831,697	600,000	(231,697)	Negotiation	AMS Enterprises
Auto cone winder-Murata	41,071,706	34,989,002	6,082,704	2,132,773	(3,949,931)	Negotiation	Rashid Mehmood
Auto cone winder-Murata	13,198,592	10,244,350	2,954,242	588,235	(2,366,007)	Negotiation	Mohammad Imran
Auto cone winder-Murata	20,339,513	14,883,026	5,456,487	1,344,540	(4,111,947)	Negotiation	Mohammad Ashraf
China card	2,637,470	2,438,196	199,274	840,336	641,062	Negotiation	Mohammad Imran
Ring frame	3,736,447	3,567,399	169,048	1,008,403	839,355	Negotiation	Mohammad Imran
China card	11,450,058	6,511,784	4,938,274	504,202	(4,434,072)	Negotiation	Mohammad Imran
Ring frame	4,973,274	4,444,597	528,677	1,008,403	479,726	Negotiation	Mohammad Imran
Scutcher	3,500,000	3,082,190	417,810	315,126	(102,684)	Negotiation	Mohammad Imran
Ring frame	1,333,309	1,032,090	301,219	42,016	(259,203)	Negotiation	Mohammad Ashraf
Roving frame	7,099,083	6,371,816	727,267	614,496	(112,771)	Negotiation	Mohammad Ashraf
Roving frame	3,300,000	1,862,160	1,437,840	614,496	(823,344)	Negotiation	Mohammad Ashraf
Auto cone winder-Murata	4,440,749	3,922,627	518,122	563,725	45,603	Negotiation	Mohammad Ashraf
Auto cone winder-Murata	2,150,000	1,370,137	779,863	563,725	(216,138)	Negotiation	Mohammad Ashraf
Auto cone winder-Murata	3,212,435	1,847,740	1,364,695	563,725	(800,970)	Negotiation	Mohammad Ashraf
Auto cone winder-Murata	4,735,250	2,442,817	2,292,433	609,244	(1,683,189)	Negotiation	Mohammad Ashraf
Honda Civic	1,942,013	1,572,883	369,130	550,000	180,870	Negotiation	Mustufa Iqbal
Toyota Hilux	1,929,140	1,210,405	718,735	1,200,000	481,265	Insurance Claim	EFU General Insurance Limited
Scrap Items	7,300	6,637	663	5,000	4,337	Negotiation	Imad Waseem
	141,660,897	111,572,717	30,088,180	13,668,445	(16,419,735)		

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

Location	Usage of Immovable Property	Total Area (Square meters)	Covered Area (Square meters)
Nooriabad	Basic accomodation,Machinery halls,Generator rooms,Admin & TD Offices, Main Store & Finished Good Halls	137,593	76,499

6.1.4 The Company measure its plant and machinery and electrical instruments and installations using revaluation model. During the year, the revaluation of plant and machinery and electrical instruments and installations was carried out by an independent valuer M/s. MYK Associates. The Company's estimate of residual value of plant and machinery and electric instruments and installations as per revaluation report is considered insignificant and hence the effect thereof has not been incorporated.

Had there been no revaluation , the net carrying amount of Plant, machinery and electrical instrument and installations would have been amounting to Rs: 2,268,102,349 (2017: 1,566,510,858).

6.1.5 The forced sale value of the plant and machinery and electrical instruments and installations has been assessed at June 30, 2018 amounting to Rs. 1,594,434,100 million.

6.2 Capital work in progress	Note	2018	2017
		Rupees	
Opening balance		**1,125,000**	53,976,681
Additions			
- Machinery		**846,847,412**	94,828,379
- Civil works		**26,393,899**	39,606,903
- ERP Software		**453,771**	625,000
		873,695,082	135,060,282
Transferred to operating fixed assets		**(873,241,310)**	(187,911,963)
		1,578,772	1,125,000

7 STOCK IN TRADE	Note	2018	2017
		Rupees	
Raw material			
- In hand	7.2	**1,209,918,682**	896,301,249
- In transit		**5,840,945**	12,962,659
		1,215,759,627	909,263,908
Work in process		**42,812,626**	42,469,730
Finished goods		**185,555,385**	413,152,385
Waste material		**956,399**	532,667
		186,511,784	413,685,052
Packing materials		**7,892,865**	6,701,792
		1,452,976,902	1,372,120,482

7.1 As of the reporting date, the finished goods stock has been written down by Rs. 2.48 million in order to value it at the lower of cost and net realizable value in accordance with the requirements of the applicable financial reporting framework.

7.2 This includes 7,000 Bales (2017: 9,356 Bales) of local raw cotton amounting to Rs. 186.03 million (2017: 289.4 million), 11,650 Bales (2017: Nil) of imported raw cotton amounting to Rs. 406.94 million (2017: Nil) , 177,000 kgs (2017: 175,000 kgs) of Dyed Cotton amounting to Rs. 20.96 million (2017: 52.5 million), 4,742 Bales (2017: 1,156 Bales) of Polyester Fiber amounting to Rs. 216.69 million (2017: 27.371 million) and 10,000 bags (2017: 23,000 bags) of cotton yarn amounting to Rs. 139.31 million (2017: 277 million) pledged against finance facility (refer note 18) obtained from banks.

8 TRADE DEBTORS - Considered good	Note	2018	2017
		Rupees	
Local debtors - unsecured	**8.1**	**832,265,099**	903,835,083
Foreign debtors - secured	**8.2**	**307,442,749**	250,995,545
		1,139,707,848	1,154,830,628

8.1 The maximum aggregate amount due from Premium Knits (Associate) at the end of any month during the year was Rs. 24,477,323 (2017: Rs. 21,347,463)

8.2 Particulars of outstanding trade debts with respect to export sales:

Foreign Jurisdiction	Balance as at June 30,2018	Sales during the year	Category
Bangladesh	**1,258,939**	**55,318,431**	Confirmed LC
Brazil	**8,051,041**	**18,743,604**	Confirmed LC
Combodia	**6,814,020**	**6,795,548**	Confirmed LC
Portugal	**12,971,514**	**29,121,771**	Confirmed LC
Turkey	**265,551,502**	**579,655,281**	Confirmed LC
USA	**12,795,733**	**150,370,457**	Confirmed LC
Total	**307,442,749**	**840,005,092**	

Foreign Jurisdiction	Balance as at June 30,2017	Sales during the year	Category
Turkey	228,517,719	708,323,451	Confirmed LC
Indonesia	1,589,713	8,270,482	Confirmed LC
South Africa	18,057,268	68,791,964	Confirmed LC
USA	2,830,845	18,335,021	Confirmed LC
Total	250,995,545	803,720,918	

		Note	2018	2017
9	**TAXATION - NET**		Rupees	
	Advance tax		**101,837,469**	91,691,576
	Less: Provision for current tax for the year		**-**	(42,196,058)
			101,837,469	49,495,518
	Sales tax refundable		**47,980,621**	81,933,344
			149,818,090	131,428,862
10	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances - considered good:			
	- Staff		**2,787,470**	5,324,655
	- Suppliers		**20,445,648**	13,983,074
			23,233,118	19,307,729
	Security deposits		**98,378**	2,107,196
	Prepaid insurance		**321,451**	4,604,489
	Duty Drawback receivable	**10.1**	**33,722,607**	20,446,079
	Other receivables		**2,271,097**	3,002,086
			59,646,651	49,467,579

10.1 During the year, the Company, in view of the Notification no. 1(42-A)TID/17-TR-II dated December 12, 2017 issued by the Ministry of Textile and Commerce, recognised a claim against Duty Drawback receivable at the rate of 4% of the net FOB value of the exports proceeds. As per the said notification, the duty drawbacks shall be allowed for the shipments made from July 1st, 2017 to June 30,2018. As per the said notification, 50% of rate of duty drawback shall be provided without condition of increment. Remaining 50% shall be provided, if the exporter achieves an increase of 10% or more in exports during performance year (FY 2017-18), as compared to the base year (FY 2016-17). An additional 2% drawback shall be allowed for exports to non-traditional markets.

		Note	2018	2017
11	**CASH AND BANK BALANCES**		Rupees	
	Cash in hand		**1,704,313**	1,428,637
	Cash with banks - current accounts		**34,270,056**	7,530,644
			35,974,369	8,959,281

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018	2017		**2018**	**2017**
(Number of shares)			**Rupees**	
6,163,000	6,163,000	Ordinary shares of Rs.10/- each fully paid in cash	**61,630,000**	61,630,000

12.1 The following shares are held by the related parties of the Company as at June 30, 2018:

	2018		2017	
Name of related party	**Shares held**	**Percentage**	Shares held	Percentage
Directors, Chief Executive, their spouse, minor children and relatives	**1,069,419**	**17%**	1,068,964	17%
National Investment Trust (NIT)	**615,623**	**10%**	762,823	12%
Abdul Kadir Adam Beneficiary Trust	**5,000**	**0.1%**	5,000	0.1%
Trustees of Nabila and Abdul Kadir Adam	**240,523**	**4%**	240,523	4%
Rahmat Investment Company (Pvt) Limited	**404,250**	**7%**	404,250	7%
Trustees of Abdul Kadir Adam Beneficiary	**2,806,265**	**46%**	2,806,265	46%

In addition to above , NIT has representation on board of directors.

		Note	2018	2017
			Rupees	
13	**SURPLUS ON REVALUATION OF PLANT AND EQUIPMENT**			
	Balance as at July 1		**8,930,381**	9,922,646
	-Surplus relating to disposal of revalued assets transferred to retained earnings		**(4,429,440)**	-
	-Incremental depreciation charged during the year		**(450,094)**	(992,265)
			(4,879,534)	(992,265)
			4,050,847	8,930,381

13.1 No deferred tax arises on revaluation as company's income is chargeable under Final Tax Regime.

		Note	2018	2017
			Rupees	
14	**LONG TERM LOAN-secured**			
	Long term loan	**14.1**	**1,403,775,478**	805,266,207
14.1	Bank Al-Habib Limited			
	- Term Finance	**14.1.1**	**180,000,000**	405,000,000
	- Long Term Finance Facility	**14.1.2**	**601,091,000**	280,089,000
			781,091,000	685,089,000
	Bank Al-Falah Limited			
	- Long Term Finance Facility	**14.1.3**	**666,252,000**	171,680,000
	Less: Current portion shown under current liabilities		**(43,567,522)**	(51,502,793)
			1,403,775,478	805,266,207

14.1.1 This represent liability against Term Finance for Import of Machinery to be repaid in 7 years expiring in August, 2020. The loan is secured against Registered Hypothecation charge over all present and Future Plant and Machinery for Rs 556 Million and equitable mortgage charge over factory. The rate of Mark-up is 3 month Kibor+1% per annum.

14.1.2 This represents liability against Long Term Finance Facility(LTFF), under LTFF scheme of State Bank of Pakistan, for import of Machineries to be repaid in 10 years starting subsequent to the 2 year moratorium, expiring in March 2028 . The loan is secured against registered specific hypothecation charge over the imported machineries for installation at factory premises at plot # 60,61,76 and 77 spread over 16 acres at Nooriabad, Sindh. The rate of Mark-up is SBP refinance rate+0.75% per annum.

14.1.3 This represents liability against Long Term Finance Facility (LTFF), under LTFF scheme of State Bank of Pakistan, for the import of Machineries and financing for a period of 10 years against the purpose of retiring the import LC's of machinery. The loan amount is to be repaid in 10 years expiring in March, 2028 that is secured against Hypothecation charge over plant and machinery of the company including 25% margin (initially ranking charge will be registered and upgraded to 1st parri passu charge within 60 days from date of first disbursement), The rate of Mark-up is SBP refinance rate+0.75% - 1% per annum.

		Note	2018	2017
			Rupees	
15	**DEFERRED LIABILITIES**			
	Deferred taxation	**15.1**	**(10,142,761)**	8,135,055
	Staff gratuity	**15.2**	**18,277,923**	23,293,814
			8,135,162	31,428,869

		Note	2018	2017
			Rupees	
15.1	**Deferred taxation:**			
	Represents the tax effect of taxable/(deductible) temporary differences relating to:			
	Accelerated depreciation allowance		-	10,870,458
	Debits arising in respect of provision for staff gratuity		-	(2,582,616)
	Debits arising in respect of minimum tax		-	(152,787)
		27.1.2	-	8,135,055
	Credit arising in respect of tax credit under BMRE		**(10,142,761)**	-
		27.1.3	**(10,142,761)**	8,135,055
15.2	**Staff gratuity**		**18,277,923**	23,293,814

15.2.1 Actuarial Assumptions

The company operates a unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2018, using the Projected Unit Credit Actuarial Cost Method.

		Note	2018	2017
			Rupees	
15.2.2	**Movement in defined benefit obligation**			
	Opening defined benefit obligation		**23,293,814**	14,813,244
	Current service cost		**16,655,572**	17,928,525
	Interest Cost		**849,925**	217,938
	Benefits paid		**(24,654,084)**	(23,614,414)
	Remeasurements		**2,132,696**	13,948,521
	Closing defined benefit obligation		**18,277,923**	23,293,814
15.2.3	**Expense recognized in the profit and loss account**			
	Current service cost		**16,655,572**	17,928,525
	Interest cost on defined benefit obligation		**849,925**	217,938
			17,505,497	18,146,463
15.2.4	**Remeasurement losses / (gains) recognised in other comprehensive**			
	Actuarial losses / (gains) on defined benefit obligation due to			
	-Changes in demographic assumptions		**467,752**	-
	-Changes in financial assumptions		**103,265**	56,949
	-Experience adjustments		**1,561,679**	13,891,572
			2,132,696	13,948,521
15.2.5	**Movement in net liability in the balance sheet**			
	Balance as at July 01		**23,293,814**	14,813,244
	Expense charged to profit and loss		**17,505,497**	18,146,463
	Remeasurements chargeable in other comprehensive income		**2,132,696**	13,948,521
	Benefits paid		**(24,654,084)**	(23,614,414)
	Balance as at June 30		**18,277,923**	23,293,814

15.2.6 Comparison of present value of defined benefit obligation for the current year and pervious four years is as follows:

	2018	2017	2016	2015	2014
			Rupees		
Present Value of Defined benefit obligation	**18,277,923**	23,293,814	14,813,244	3,838,025	17,549,438
Experience adjustment on obligations	**2,132,696**	13,948,521	15,339,969	(7,301,337)	5,519,957

	Note	2018	2017
		Rupees	

15.2.7 Year end sensitivity analysis on Defined Benefit Obligation

Discount Rate + 100 bps	**17,380,768**	18,600,436
Discount Rate - 100 bps	**19,323,653**	19,909,431
Salary Increase + 100 bps	**19,399,454**	19,998,320
Salary Increase -100 bps	**17,294,066**	18,505,136

The average duration of the defined benefit obligation is 5 Years.

15.2.8 Principal assumptions used in valuation of gratuity

	2018	2017
Discount rate used for interest cost in profit and loss	**7.75%**	7.25%
Discount rate used for year end obligation	**9%**	7.75%
Expected rate of increase in salary level (per annum)	**8%**	6.75%
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005

		Note	2018	2017
			Rupees	
16	**TRADE AND OTHER PAYABLES**			
	Creditors		**178,206,384**	132,850,596
	Accrued liabilities		**494,158,356**	351,917,801
	Workers' profits participation fund	**16.1**	**17,596,100**	11,112,905
	Workers welfare fund		**14,727,332**	8,040,814
	Others		**1,687,026**	2,369,664
			706,375,198	506,291,780

16.1 Workers' profit participation fund

Opening balance	**11,112,905**	9,087,835
Add:		
- Contribution for the year	**17,596,100**	11,112,905
- Interest accrued	**3,510,841**	3,746,493
	21,106,941	14,859,398
Less: Payment during the year	**(14,623,746)**	(12,834,328)
	17,596,100	11,112,905

17 ACCRUED MARKUP

Long term loan	**12,831,938**	10,530,977
Short term borrowing	**30,306,572**	22,352,427
	43,138,510	32,883,404

		Note	2018	2017
			Rupees	
18	**SHORT TERM BORROWING - Secured**			
	Bank Al-Habib Limited			
	- Cash finance	**18.1**	**1,041,667,800**	744,534,131
	- Running finance	**18.2**	**306,756,435**	421,446,737
	- Foreign currency export finance	**18.3**	**-**	143,882,038
			1,348,424,235	1,309,862,906
	Meezan Bank Limited			
	- Istisna Finance	**18.4**	**200,000,000**	412,400,000
	Bank Al-Falah Limited			
	- Foreign currency export finance	**18.5**	**-**	90,977,107
	- Running finance	**18.6**	**89,179,162**	64,657,209
			89,179,162	155,634,316
			1,637,603,397	1,877,897,222

18.1 This represents short term cash finance facilities amounting to Rs. 2.5 billion (2017: Rs. 2.5 billion) from Bank Al-Habib Limited for procurement of raw cotton, polyester staple fibre, dyed cotton, cotton yarn and other raw material at a markup of 1 month kibor + 0.75% (2017: 1 month kibor +1% per annum) which is secured by:

> Pledge over stocks under effective control of bank`s approved muccadum

18.2 This represents short term running finance facilities amounting to Rs. 400 million (2017: Rs. 400 million) from Bank Al-Habib Limited to meet working capital requirement at a markup of 1 month kibor +0.75% (2017: 1 month kibor +0.75% per annum) which is secured by:

> Registered Hypothecation charge over book debts for RS. 3,000 million

18.3 This represents short term foreign currency export finance amounting to Rs. 2 billion (2017: Rs. 2 billion) from Bank Al-Habib Limited to finance the usance period of export bills in order to meet urgent working capital requirements at a markup of 6 month libor +1% with floor rate of 1.8% per annum (2017: 6 month libor +2.5% with floor rate of 1.8% per annum) which is secured by:

> Lien over Export LC/bills/Contract.
> Registered Hypothecation charge over book debts for RS. 3,000 million
> Registered Hypothecation charge over stock for RS. 3,000 million

18.4 This represents short term istisna finance amounting to Rs. 200 million (2017: Rs. 500 million) from Meezan Bank Limited to meet working capital requirements at a markup of 3 months kibor + 0.75% per annum. (2017: 3 months kibor + 0.75% per annual) which is secured by:

> First pari passu charge over stocks and receivables amounting to Rs 267 million with 25% margin.

18.5 This represents short term foreign currency export finance amounting to Rs.200 million (2017: Rs3 billion) from Bank Al-Falah Limited to meet working capital requirements for export purposes at a markup of 1 month kibor +0.75% per annum (2017: 1 month kibor +0.75% per annum) which is secured by:

> First pari passu charge over stocks and book debt with 25% margin.

18.6 This represents Current finance facility amounting to Rs. 100 million (2017: Rs 100 million) from Bank Al-Falah Limited to finance the working capital requirements at a markup of 1 month Kibor +0.75% (2017: 1 month Kibor +0.75%) which is secured by:

> First pari passu charge over stocks and book debt with 25% margin.

As at 30 June 2018, the Company has unavailed financing facilities of Rs. 4.262 billion (2017: Rs. 3.590 billion).

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

In December 2011, the Federal Government, for the first time, imposed the levy of Gas Infrastructure Development Cess (the cess) through the promulgation of the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011) which, subsequently, was widely challenged on several legal grounds. In June 2013, the Honourable High Court of Peshawar, in the case titled M/s. Ashraf Industries vs. Federation of Pakistan, passed a judgment whereby it struck down the GIDC Act, 2011 declaring the said law as unconstitutional. Subsequent to this decision, the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC Ordinance, 2014) was promulgated which expired in May 2015. In the same month, the Honourable Supreme Court of Pakistan dismissed the review petition filed by the Federation of Pakistan against the aforesaid judgment of the Honourable High Court of Peshawar, and thereby, upheld the said judgment. Following the judgment of the Apex Court, the GIDC Ordinance, 2014 received presidential assent after having been passed by both the houses of Parliament as Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015). The GIDC Act, 2015, provided for retrospective levy of cess for the period from January 2011 to May 2015 (as imposed under the struck down GIDC Act, 2011 and GIDC Ordinance, 2014) with different cess rates prescribed for each sector. The GIDC Act, 2015, has also been challenged on legal and other grounds. In October 2016, the Honorable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional. Subsequent to this decision, the Federation of Pakistan filed an appeal in the Honorable Supreme Court of Pakistan against the aforesaid judgment of the Honorable High Court of Sindh which is currently pending for adjudication. During this period, the Honorable Sindh High Court suspended its judgment passed in October 2016.

The Company, as well as other petitioners, have challenged the levy on constitutional and legal grounds as well as discrimination in supply rate and GID cess as against its retrospective application of GIDC Act 2015 to levy cess for the period from 2011 to 2015 against that applied to similar sector. GIDC for the period from 2011 to 2015 amounting to Rs. 152.25 million (2016: 152.25 million) has therefore been recognized as a contingent liability based on the decision of the Apex Courts in this regard pending the ultimate outcome of the petition filed by the Government with the Supreme Court against the judgement of the High Court of Sindh discussed above. Under the circumstances mentioned, the Company has recorded its obligation under GIDC Act 2015 with effect from July 2015 at the rate applicable to it as industrial unit upto 30 June 2018.

19.2 During the previous year the Company filed petition in the Honorable High Court of Sindh challenging the demand of EOBI contribution in terms of minimum wages for Unskilled Workers Ordinance 1969 revised by the Federal Government from Rs 8,000 to 13,000 per month since 2013. The High Court has passed an interim order suspending the notification and restraining Federal Government from taking any conceive action against the Company. The case is pending for further adjudication in the High Court of Sindh, Karachi. The Company had deferred the recognition of expense against such contribution amounting to Rs. 1,901,100 in these financial statements which pertain to period from July 01, 2015 to February 2016.

	Note	**2018**	2017
		Rupees	
19.3 Commitments			
In respect of:			
Capital expenditure		**235,023,700**	93,784,500
Letter of credit to SSGC		**52,564,000**	52,564,000
Letter of guarantees		**84,942,340**	98,250,040
Letter of credit in respect of raw material		**10,964,800**	263,387,616

		Note	2018	2017
			Rupees	
20	**SALES - NET**			
	Local sales		**562,414,442**	523,281,688
	Export sales - indirect		**4,794,690,956**	3,806,158,340
	Export sales		**998,534,359**	1,086,632,727
			5,793,225,315	4,892,791,067
			6,355,639,757	5,416,072,755
	Duty drawback		**22,065,031**	20,446,079
	Wastage sales		**11,642,452**	11,285,856
	Raw material sales		**96,971,697**	13,879,950
			130,679,180	45,611,885
	Less:			
	Commission and brokerage		**(53,300,319)**	(43,152,848)
	Discount and claims		**(1,645,431)**	(5,380,452)
			(54,945,750)	(48,533,300)
			6,431,373,187	5,413,151,340
21	**COST OF SALES**			
	Raw materials consumed	**21.1**	**3,949,324,986**	3,742,021,967
	Store and spares consumed	**21.2**	**145,360,403**	123,864,271
	Packing materials consumed	**21.3**	**60,276,925**	58,875,533
	Production expenses	**21.4**	**1,237,613,147**	1,114,534,818
	Work in process:			
	Opening		**42,469,730**	36,095,504
	Closing		**(42,812,626)**	(42,469,730)
			(342,896)	(6,374,226)
	Cost of goods manufactured		**5,392,232,565**	5,032,922,363
	Trading cost		**94,552,600**	11,544,241
	Opening stock of finished goods		**413,685,052**	231,317,311
	Purchase of yarn		**254,127**	2,707,202
	Cost of goods available for sale		**5,900,724,344**	5,278,491,117
	Closing stock of finished goods		**(186,511,784)**	(413,685,052)
			5,714,212,560	4,864,806,065
21.1	**Raw material consumed**			
	Opening stock		**896,301,249**	614,939,170
	Purchases		**4,357,495,019**	4,034,928,287
			5,253,796,268	4,649,867,457
	Sale of raw material		**(94,552,600)**	(11,544,241)
	Closing stock		**(1,209,918,682)**	(896,301,249)
			3,949,324,986	3,742,021,967
21.2	**Stores and spares consumed**			
	Opening stock		**32,979,036**	36,408,510
	Purchases		**150,737,228**	120,434,797
			183,716,264	156,843,307
	Closing stock		**(38,355,861)**	(32,979,036)
			145,360,403	123,864,271
21.3	**Packing materials consumed**			
	Opening stock		**6,701,792**	5,738,991
	Purchases		**61,467,998**	59,838,334
			68,169,790	65,577,325
	Closing stock		**(7,892,865)**	(6,701,792)
			60,276,925	58,875,533

		Note	2018	2017
			Rupees	
21.4	**Production expenses**			
	Salaries, wages and other benefits	**21.4.1**	**499,104,999**	468,049,279
	Fuel and power		**447,400,049**	373,236,856
	Water charges		**9,811,075**	8,459,490
	Vehicle running and maintenance		**6,290,098**	5,100,854
	Repairs and maintenance		**9,018,979**	6,061,394
	Insurance		**19,990,730**	19,675,346
	Depreciation	**6.1.1**	**228,267,762**	216,453,198
	Other manufacturing expenses		**17,729,455**	17,498,401
			1,237,613,147	1,114,534,818

21.4.1 This includes amount of Rs. 15,689,148 (2017: Rs. 16,291,272) in respect of staff retirement benefits.

		Note	2018	2017
			Rupees	
22	**ADMINISTRATIVE EXPENSES**			
	Directors' and Executives' remuneration	**30**	**23,128,506**	29,379,786
	Meeting fees		**230,000**	250,000
	Salaries, allowances and other benefits	**22.1**	**37,110,670**	22,851,958
	Travelling and conveyance		**5,611,609**	2,189,916
	Printing and stationery		**3,852,819**	1,640,802
	Utilities		**1,795,494**	1,462,945
	Advertisement		**325,424**	79,920
	Newspaper and periodicals		**62,942**	56,392
	Fees and subscription		**3,765,043**	1,872,200
	Vehicle running and maintenance		**4,899,001**	4,039,306
	Postage and telephone		**1,518,999**	1,542,284
	Legal and professional		**1,597,834**	2,642,124
	Auditors' remuneration	**22.2**	**1,380,000**	1,202,600
	Entertainment expense		**1,036,853**	1,428,847
	Repairs and maintenance		**1,421,140**	760,429
	Insurance		**2,725,826**	3,150,909
	Charity and donations	**22.3**	**1,346,000**	108,100
	Depreciation	**6.1.1**	**12,901,471**	13,132,096
	Others		**2,865,492**	858,897
			107,575,123	88,649,511

22.1 This includes amount of Rs. 1,816,350/- (2016: Rs. 1,835,891/-) in respect of staff retirement benefits.

		Note	2018	2017
			Rupees	
22.2	**Auditors' remuneration**			
	Audit fee		**1,072,400**	950,000
	Half yearly review fee		**252,600**	252,600
	Out of Pocket Expenses		**55,000**	-
			1,380,000	1,202,600

22.3 These includes donation to NUST amounting to Rs 1,250,000 (2017: Nil) and none of the directors or their spouses had any interest in these donations.

		Note	2018	2017
			Rupees	
23	**DISTRIBUTION COST**			
	Freight and handling charges			
	- Local		**39,769,679**	25,890,244
	- Export		**44,563,925**	41,303,094
	Packing charges		**7,620,085**	7,031,830
			91,953,689	74,225,168
24	**FINANCE COSTS**			
	Markup and interest charges on:			
	- Long term finances		**44,655,564**	45,990,938
	- Short term borrowings		**136,807,521**	103,250,036
	- Workers' profit participation fund		**3,510,841**	3,746,493
	Bank charges		**16,154,393**	13,318,306
			201,128,319	166,305,773
25	**OTHER OPERATING EXPENSES**			
	Workers' welfare fund		**6,686,518**	4,222,904
	Workers' profit participation fund		**17,596,100**	11,112,905
			24,282,618	15,335,809
26	**OTHER (LOSS) / INCOME**			
	Exchange gain on export			
	- Realized		**19,602,342**	2,607,885
	- Unrealized		**22,623,160**	1,099,719
			42,225,502	3,707,604
	(Loss) / gain on disposal of fixed assets		**(16,419,735)**	9,955
	Exchange (loss) on import loan		**-**	(624,287)
	Exchange (loss) on import of machinery		**(3,619,100)**	-
	Claim received on imported cotton		**13,231,844**	-
			35,418,511	3,093,272
27	**TAXATION**			
27.1	**Current**			
	-for the year		**-**	42,196,058
	-prior year		**566,120**	-
			566,120	42,196,058
	Deferred	**27.1.2 & 27.1.3**	**(18,277,816)**	(10,870,459)
			(17,711,696)	31,325,599

27.1.1 The income tax assessments of the Company have been finalised up to and including the tax year 2017. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

27.1.2 This represents reversal of deferred tax liability relating to 2011 and earlier years. The reversal is made in three equal parts since 2016 at the Rs. 10,870,459 per year. The Company's income is chargeable to tax under Final Tax Regime since last five years hence no deferred tax liability had accordingly arisen during the period.

27.1.3 This represents deferred tax asset arising on tax credit for investment under section 65B of Income tax ordinance, 2001, where tax credit in excess of tax payable is carried forward .

27.1.4 The Company's income is chargeable to tax under Final Tax Regime prescribed under the Income Tax Ordinance, 2001 and hence tax reconciliation is not being presented. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

Provision for taxation	Tax Year	Provision for taxation	Tax assessed
		Rupees	
June 30, 2017	2017	42,196,058	19,884,887
June 30, 2016	2016	1,764,133	-
June 30, 2015	2015	48,407,271	34,718,143

27.1.5 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% of accounting profit before tax on every public company other than a scheduled bank or modaraba, that derives profit for a tax year but does not distribute at least 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

In terms of section 5A in case the Company distributes cash dividend amounting to Rs. 138.14 million or issues bonus shares of equivalent amount or both within six months of the close of the year it would not be liable to any tax under this section. The recognition of any liability in this respect as at financial year end is not considered necessary keeping in view the above, and liability if any in this respect would be recognized as of December 31, 2018 depending upon the dividend distributed out of profit for the year ended 30 June 2018.

		Note	**2018**	2017
			Rupees	
28	**EARNINGS PER SHARE - BASIC AND DILUTED**			
28.1	**Basic earnings per share**			
	Profit after taxation		**345,351,085**	175,596,687
			Number	
	Weighted average number of ordinary shares		**6,163,000**	6,163,000
	Earnings per share - basic and diluted		**56.04**	28.49

28.2 **Diluted earnings per share**

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2018 and June 30, 2017 which would have any effect on the earnings per share.

29 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at the end of the reporting year as shown in the cash flow statement are reconciled to the related items in the statement of financial position as follows:

	2018	2017
	Rupees	
Cash and bank balances	**35,974,369**	8,959,281
Short term borrowings	**(1,637,603,397)**	(1,877,897,222)
	(1,601,629,028)	(1,868,937,941)

30 CHIEF EXECUTIVE, DIRECTORS' & EXECUTIVE OFFICERS' REMUNERATION

Remuneration of Chief Executive, Directors and Executives is as follows:

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Rupees							
Remuneration	**2,866,668**	2,600,000	**2,266,668**	2,000,000	**10,285,670**	14,986,524	**15,419,006**	19,586,524
House rent	**1,143,065**	1,036,400	**903,065**	796,400	**4,085,470**	5,922,010	**6,131,600**	7,754,810
Conveyance allowance	**3,600**	3,600	**3,600**	3,600	**28,800**	72,600	**36,000**	79,800
Utilities	**286,667**	260,000	**226,667**	200,000	**1,028,566**	1,498,652	**1,541,900**	1,958,652
	4,300,000	3,900,000	**3,400,000**	3,000,000	**15,428,506**	22,479,786	**23,128,506**	29,379,786
	1	1	**1**	1	**8**	22	**10**	24

30.1 The chief executive and executive director are also provided with free use of company maintained cars and residential telephones.

31 CAPACITY AND PRODUCTION

	2018	2017
	Number	
Number of spindles installed	**73,308**	77,628
Number of spindles operated	**69,291**	68,215
Installed capacity in Kgs. after conversion into 20 single count	**25,656,625**	26,507,906
Actual production of yarn in Kgs. after conversion into 20 single count	**24,865,547**	20,391,993
Number of shifts worked during the year	**1,065**	1,095

31.1 Actual production is less than the installed capacity due to planned maintenance shut down and gap between market demand and supply.

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises from long term deposits, deposits with banks, trade debts, short term advances, deposits, duty drawback receivable and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience and exports are against usance and sight LC. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, which are detailed as follows:

	2018	2017
	Rupees	
Long term deposits	**1,999,100**	1,504,100
Trade debts	**1,139,707,848**	1,154,830,628
Advances, deposits, prepayments and other receivables	**38,879,552**	30,880,016
Bank balances	**34,270,056**	7,530,644
	1,214,856,556	1,194,745,388

The aging analysis of the total receivable from clients as at the reporting date is as follows:

	2018		2017	
	Gross	**Impairment**	Gross	Impairment
Not past due	**797,048,556**	-	794,659,107	-
Past due 1 to 60 days	**294,812,728**	-	292,514,047	-
Past due 61 days to 1 year	**47,846,564**	-	67,657,474	-
	1,139,707,848	-	1,154,830,628	-

No impairment has been recognized as counter parties have sound financial standing.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

Short term rating	**2018**	2017
	Rupees	
A-1+	-	30,076
A1+	-	7,500,568
A-2	**34,270,056**	-
	34,270,056	7,530,644

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

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the reporting date, the Company has cash and bank balance Rs. 35.98 million (2017: Rs. 8.96 million), unutilized credit lines Rs. 4.262 billion (2017: Rs. 3.590 billion).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2018			
	Carrying Amount	Contractual cash flows	Twelve months or less	More than One years
	Rupees			
Non-Derivative Financial liabilities				
Gratuity payable	**18,277,923**	**(18,277,923)**	**(18,277,923)**	**-**
Long term Loan	**1,447,343,000**	**(1,827,834,734)**	**(103,711,258)**	**(1,724,123,476)**
Trade and other payables	**674,051,766**	**(674,051,766)**	**(674,051,766)**	**-**
Unclaimed dividend	**5,303,224**	**(5,303,224)**	**(5,303,224)**	
Accrued markup	**43,138,510**	**(43,138,510)**	**(43,138,510)**	**-**
Short term borrowing	**1,637,603,397**	**(1,637,603,397)**	**(1,637,603,397)**	**-**
	3,825,717,820	**(4,206,209,554)**	**(2,482,086,078)**	**(1,724,123,476)**

	2017			
	Carrying Amount	Contractual cash flows	Twelve months or less	More than One years
	Rupees			
Non-Derivative Financial liabilities				
Gratuity payable	23,293,814	(23,293,814)	(23,293,814)	-
Long term Loan	856,769,000	(1,079,754,329)	-	(1,079,754,329)
Trade and other payables	487,138,061	(487,138,061)	(487,138,061)	-
Unclaimed dividend	4,157,917	(4,157,917)	(4,157,917)	-
Accrued markup	32,883,404	(32,883,404)	(32,883,404)	-
Short term borrowing	1,877,897,222	(1,877,897,222)	(1,877,897,222)	-
	3,282,139,418	(3,505,124,747)	(2,425,370,418)	(1,079,754,329)

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depends on the extent of utilization of short term borrowings facilities and the interest rates applicable at that time.

c) Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

i) Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is exposed to currency risk on sales and trade debts that are denominated in a currency other than the respective functional currency of the company. The currency in which these transactions are denominated is US Dollars. The Company's exposure to foreign currency risk is as follows:

	Average rates		Reporting date rate	
	2018	2017	**2018**	2017
		Rupees		
Sensitivity Analysi US Dollars	**113.36**	104.90	**121.73**	104.98

A 5 percent strengthening of the Rupee against US Dollars at June 30 would have increased / (decreased) profit and loss account by the amounts shown below. This analysis assumes that all the other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit and loss Rupees
As at 30 June 2018	
Effect of US Dollars	**15,372,137**
As at 30 June 2017	
Effect of US Dollars	12,608,780

A 5 percent weakening of the Rupee against US Dollars at June 30 would have equal but opposite on the basis that all the other variables, in particular interest rates, remain constant.

i) Interest rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2018	2017	2018	2017
	Effective interest rate (%)		Carrying amount (Rs.)	
Financial liabilities				
Long term financing	**2.75% to 9.92%**	2.75% to 9.15%	**1,447,343,000**	856,769,000
Short term borrowings				
- KIBOR based	**7.67% to 7.78%**	6.89% to 7.01%	**1,637,603,397**	1,877,897,222
- LIBOR based	**8.50%**	7.45%		

Sensitivity analysis

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

A change of 100 basis points in interest rates at the reporting date would have increase / decrease profit / loss by 30.85 million (2017: 27.35 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

32.2 Fair value estimate

The Company measures fair value of its financial and non-financial assets that are measured at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted market price (unadjusted) in an active market.

Level 2 : Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.

32.3 Financial instruments by categories

	2018	2017
	Rupees	
FINANCIAL ASSETS- LOANS AND RECEIVABLES		
Long term deposits	**1,999,100**	1,504,100
Trade debts	**1,139,707,848**	1,154,830,628
Advances, deposits, prepayments and other receivables	**38,879,552**	30,880,016
Cash & Bank balances	**35,974,369**	8,959,281
	1,216,560,869	1,196,174,025

	2018	2017
	Rupees	
FINANCIAL LIABILITIES- AT AMMORTISED COST		
Long term Loan	**1,447,343,000**	856,769,000
Trade and other payables	**674,051,766**	487,138,061
Unclaimed dividend	**5,303,224**	4,157,917
Accrued markup	**43,138,510**	32,883,404
Short term borrowing	**1,637,603,397**	1,877,897,222

33 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity:

	2018	2017
	Rupees	
Total borrowings	**3,084,946,397**	2,734,666,222
Total equity	**1,821,774,800**	1,555,593,911
Total capital	**4,906,721,197**	4,290,260,133
Gearing ratio	**62.87%**	63.74%

34 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of associate, key management personnel of the Company and directors and their close family members and major shareholders of the Company . Transaction with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the chief executive, directors and executives is disclosed in note 29 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2018	2017
			Rupees	
Premium Knits	Associate by virtue of common directorship	Sale of goods	49,804,561	64,091,426
		Balance outstanding at year end	237,776	13,264,688

35 OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

Revenue from sale of yarn represents 97.99% (2017 : 99.16%) of the total revenue of the Company.

91.15% (2017: 90.34%) gross sales of the Company relates to indirect exporters and foreign customers.

All non-current assets of the Company at 30 June 2018 are located in Pakistan.

The amount of revenue from major customers having sales of more than 10% of total sales amounts to Rs. Nil, during the year ended 30 June 2018 (2017: 238.7 million).

36 NON - ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on **27th September,2018** has proposed a final cash dividend of Rs. 22.50 per share (2017: Rs 12.5/- per share) for approval of the members at the Annual General Meeting to be held on **23rd October, 2018**. The financial statements do not reflect this appropriation in the current financial statements.

37 NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	Note	2018	2017
		Number	
Total employees of the Company at the year end		**780**	943
Average employees of the Company during the year		**1,083**	1,429
Employees working in the Company"s factory at the year end		**726**	893
Average employees working in Company"s factory during the year		**1,029**	1379

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **27th September 2018** by the Board of Directors of the Company.

39 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification has been made:

Reclassified from component	Reclassified to component	Rupees
Trade and other payables	Unclaimed dividend (Disclosed on the face of statement of financial position)	4,157,917

40 GENERAL

Figures have been rounded off to the nearest rupee.

DIRECTOR **DIRECTOR** **CHIEF FINANCIAL OFFICER**

Mr./ Mrs. / M/s_____
_____
_____
_____

Dear Shareholder,

ELECTRONIC PAYMENT OF CASH DIVIDENDS INSTEAD OF PHYSICAL DIVIDEND WARRANTS

Pursuant to Section 242 of the Companies Act-2017 and notification by the Security Exchange Commission of Pakistan (SECP) that all listed companies must pay future cash dividendsthrough electronically modeinto the bank accounts of the shareholders instead of issuing physical dividend warrants.

We have reviewed and found that you have not yet provided bank mandate. In this regard, you are required to provide bank mandate details with IBANs otherwise future dividend could be withheld according as per the section 242 and directives of SECP.

Physical Shareholders are requested to submit bank mandate by filling the below given form to Bank's Share Registrar at the following address:

In this regard, CDC shareholders may submit their bank mandate details to their investor account services or their brokers where shares are placed electronically.

For any query/ problem/information, the investors may contact the company, and / or the Share Registrar at the following phone Numbers, email address:

F.D.Registrar Services (SMC-Pvt) Ltd. 17th Floor, Saima Trade Tower-A, I.I.Chundrigar Road,Karachi. Ph: 0213-2271905-6	**Premium Textile Mills Pvt Ltd.** 1 ST Floor, Haji Adam Chamber AltafHussain Road,NewChalli, Karachi.74000. Tel: 32400405-8, 32416380 Fax: 32417908 e-mail: premhead@premiumtextile.com

M/s.Premium Textile Mills Ltd,
1st floor, Haji Adam Chamber,
AltafHussainRoad,NewChalli,
Karachi.

Bank Mandate Form

I Mr. / Ms./Mrs._____ S/o, D/o, w/o, _____ hereby authorize Premium Textile Mills Ltd to send /directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details	
Name of the Shareholder	
Folio # / Participant & Account # CDC Investor #	
CNIC NO. / NTN	
Passport No. (in case of foreign shareholder)	
Landline / Cell Number of the Shareholder	

(ii) Shareholder's Bank detail	
Bank's Name	
Branch Name and Address	
Branch Code Number.	
Title of Bank Account	
Account Number	
IBAN	

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company/ Share Registrar informed in case of any changes in the said particulars in future.

_____
Signature of the shareholder

Note:Bank mandate details must be verified by the concerned Bank Branch to avoid any error.

.

PROXY FORM

PREMIUM TEXTILE MILLS LIMITED,
1st Floor, Haji Adam Chambers,
Altaf Hussain Road,
New Challi,
Karachi.

Please quote Reg. Folio Number

I/We _____

of _____

being a member of Premium Textile Mills Limited and holder of _____

Ordinary Shares hereby appoint _____ _____

of _____

or failing him/her _____

of _____

as my/our proxy in my / our absence to attend and vote for me/us on my/our behalf at the Annual General meeting of the Company to be held on October 23rd, 2018 at 03:00 p.m. at 1st Floor, Haji Adam Chambers, Altaf Hussain Road, New Challi, Karachi.

Signed this _____ day of _____ 2018 in the presence of

(Witness Signature)

Affix
Five Rupees
Revenue Stamp

(Signature of Proxy) (Member's Signature)

NOTE: (i) This form of proxy, in order to be effective, must be deposited duly completed with the Company not less than 48 hours before the time for holding the meeting.

(ii) The proxy must be signed across a Rs. 5/- Revenue Stamp.

(iii) Signature should agree with the specimen registered with the Company.

(iv) Proxies granted by shareholders who have deposited their shares into Central Depository Company of Pakistan Limited must be accompanied with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owners. Representatives of Corporate members should bring the usual documents required for such purpose.

(v) In case of CDC Accounts Holders, attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.