PARAMOUNT SPINNING MILLS LIMITED

ANNUAL REPORT 2018

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muhammad Akhtar Mirza (Chairman) Mr. Sohail Maqsood (Chief Executive) Mr.Muhammad Ashraf Khan Mr.Abid Sattar Mr. Iftikhar Ali Mr. Muhammad Maqbool Anjum Mr.Hussain Ather
AUDIT COMMITTEE	Mr.Hussain Ather (Chairman) Mr. Muhammad Maqbool Anjum Mr. Muhammad Akhtar Mirza
HR & REMUNERATION COMMITTEE	Mr. Iftikhar Ali (Chairman) Mr.Abid Sattar Mr. Muhammad Akhtar Mirza
CHIEF FINANCIAL OFFICER	Mr. Nasir Mehmood
COMPANY SECRETARY	Mr.Muhammad Junaid Akhtar
AUDITORS	M/s Baker Tilly Mehmood Idrees Qamar Chartered Accountants Lahore
LEGAL ADVISOR	Akhtar Javed-Advocate
TAX CONSULTANT	M/s. Sharif & Company-Advocate
SHARE REGISTRAR OFFICE	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 32424826, 32412754, Fax. 32424835
REGISTERED OFFICE	2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.
REGIONAL OFFICE	2nd Floor, Garden Heights, 8Aibak Block, New Garden Town, Lahore.
MILLS	S.I.T.E Kotri, Raiwind
WEB PRESENCE	http://www.gulshan.com.pk/corporate/paramount.html

CORPORATE VISION / MISSION STATEMENT

Vision

We aim at transforming PSML into a complete textile unit to further explore international market of very high value products. Our emphasis would be on product and market diversification, value addition and cost effectiveness. We intend to fully equip the Company to acquire pioneering role in the economic development of the Country.

Mission

The Company should secure and provide a rewarding return on investment to its shareholders and investors, quality products to its customers, a secured and environment friendly place of work to its employees and present itself as a reliable partner to all business associates.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of **Paramount Spinning Mills Limited** (the "Company") will be held at 2nd Floor Finlay House, I.I. Chundrigar Road, Karachi on **Saturday 27th October, 2018 at 12:30 p.m,** to transact the following business:

1- To confirm the minutes of the last Annual General Meeting of the Company.

2- To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2018 together with Directors' and Auditors' Reports thereon.

3- To appoint auditors of the company for the next financial year 2018-2019 and fix their remuneration. The retiring Auditors M/s Baker Tilly Mehmood Idress Qamar, Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the company.

4- To transact any other business with the permission of the Chairman.

By Order of the Board
Muhammad Junaid Akhtar
Company Secretary

Lahore:
October 06, 2018

NOTES:

1- The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **20th October, 2018 to 27th October, 2018 (both days inclusive).**

2- A member entitled to attend and vote at the general meeting may appoint any other member as proxy in writing to attend the meeting and vote on his/her behalf. Duly completed form(s) of proxy must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.

3- CDC Account Holders are requested to bring with them their CNIC along with participant I.D &their account number at the time of meeting in order to facilitate identification. In case of corporate entity, a certified BOD resolution/ valid power of attorney with specimen signature of the nominee be produced at the time of meeting.

4- Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

پیراماؤنٹ سپننگ ملز لمیٹڈ

اطلاع برائے سالانہ مجلس عاملہ اجلاس

اطلاع دی جاتی ہے کہ پیراماؤنٹ سپننگ ملز لمیٹڈ کمپنی کے سالانہ مجلس عاملہ کا اجلاس منعقد کیا جا رہا ہے جو کہ مورخہ ۲۷ اکتوبر 2018 بروز ہفتہ کو بوقت ۱۲:۳۰ بجے بمقام سیکنڈ فلور فنلے ہاؤس آئی آئی چندریگر روڈ کراچی پر منعقد ہوگا۔ اس اجلاس میں مندرجہ ذیل امور سرانجام دیئے جائیں گے۔

1- پچھلے سالانہ مجلس عاملہ کے اجلاس کے نکات پر عملدرآمد کا جائزہ لیا جائیگا۔

2- کمپنی کے آڈٹ شدہ مالی امور کا بیان برائے دورانیہ مالی سال ۳۰ جون ۲۰۱۸ بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کیا جائے گا۔ (انکی نقول بورڈ ارکان کو بانٹی جائیں گی) اوران میں موجود سفارشات، مشاہدات اور اعتراضات پر جائزہ/غور اور فیصلے کئے جائیں گے۔

3- اگلے مالی سال ۲۰۱۹-۲۰۱۸ کے لئے کمپنی کے آڈیٹرز کو مقرر کیا جائے گا اوران کے معاوضہ کا تعین کیا جائے گا۔ برخاست شدہ آڈیٹرز میسرز باقر ٹلی محمود، ادریس قمر، سند یافتہ منشی نے اپنی کمپنی کو دوبارہ مقرر ہونے کے لئے پیش کیا ہے۔ ان کی درخواست پر فیصلہ کیا جائے گا۔

4- چیئرمین کی اجازت سے مزید کاروباری امور کو نپٹایا جائے گا۔

۶ اکتوبر 2018، لاہور

جاری کیا گیا بذریعہ آرڈر ازاں بورڈ آف ڈائریکٹرز

محمد جنید اختر (کمپنی سیکرٹری)

اہم اطلاع۔

1- کمپنی کے شیئر ٹرانسفر کی کتابیں بند کردی جائیں گی اور ۲۰ اکتوبر 2018 تا ۲۷ اکتوبر 2018 تک (بیچ کے دونوں چھٹی کے دنوں کے لئے بھی) کسی شیئر کی ٹرانسفر قبول نہیں کی جائے گی۔

2- وہ رکن جو سالانہ مجلس عاملہ کے اجلاس میں ووٹ دینے کا حق رکھتا ہے اپنا کوئی بھی نمائندہ بطور پروکسی مقرر کرسکتا ہے جو اس کے بدلے/اس کی جگہ ووٹ دے۔ جس کے لئے اس کو کمپنی کے رجسٹرڈ دفتر میں سالانہ مجلس عاملہ کے اجلاس سے 48 گھنٹے قبل متعلقہ پروکسی فارم پُر کر کے جمع کروانا ہوگا۔

3- سی ڈی سی شیئرز ہولڈرز سے گذارش ہے کہ وہ سالانہ مجلس عاملہ کے اجلاس میں ووٹ دیتے وقت اپنا اصل شناختی کارڈ/ پاسپورٹ پیش کریں۔ تا کہ ان کی شناخت ہو سکے بصورت دیگر وہ اپنے شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔ کاپوریٹ کمپنی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد کا سرٹیفکیٹ/ قابل قبول مختار نامہ جس میں مختار دہندہ اور نمائندے/مختار کنندہ کے specimen دستخط ثبت ہوں پیش کیا جائے۔

4- ارکان سے گذارش ہے کہ وہ اپنے کسی بھی موقع پر پتہ کی تبدیلی کی صورت میں میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، کراچی چیمبرز، حسرت موہانی روڈ کراچی کے شیئر رجسٹرار کو فوری طور پر آگاہ کریں۔

DIRECTOR'S REPORT TO SHAREHOLDERS

The Directors of your Company are pleased to place their report together with the Auditor's Report and audited Financial Statements of the Company for the year ended June 30, 2018 at the Annual General Meeting of Company.

Overview

The year under review has also been proved difficult period. The on-going financial impediments have obstructed the operations of the Company. The root cause for this obstruction had been non-availability of working capital facilities which were blocked by the banks/financial institutions unilaterally, and resultantly the Company could not purchase raw material to run the mills.

The debt amortization profile, higher interest cost and associated liquidity problems have forced the Company to initiate restructuring of its debt obligations subject to reconciliation to discharge its commitments to its lenders. The Company has initiated the debt restructuring process with the help of the key lending financial institutions. In this regard leading law firm has been appointed as transaction lawyer and restructuring plan/terms are in process of finalization and majority of financial institutions have agreed in principle to the restructuring/settlement process.

Operating & Financial Performance

Operating indicators	2018	2017
	(Rupees)	(Rupees)
Sales	-	-
Cost of Sales	56,449,598	45,036,665
Financial cost	58,319	757,185
Pretax Profit/ (Loss)	(48,940,171)	(53,632,814)
Provision for taxation	(14,106,308)	(6,923,088)
Profit / (Loss) after taxation	(34,833,863)	(46,709,726)

Future Outlook

The restructuring process is expected to be completed soon and this would result in better utilization of production capacities. Once the ongoing reconciliation & restructuring process is completed, we would be in better position to structure the way forward.

Auditors' Observations

Auditors' Observation regarding going concern, the Management has approached the banks/financial institutions for speed up the process of negotiations and finalization of financial restructuring of its debts and is confident that outcome will be positive. It is worth noting that restructuring process is at advance stage and in this respect majority of the banks/financial institutions have agreed in principle. A Scheme of Arrangement is in process of finalization with the creditors of the company which is being drafted by the Transaction Lawyer and after its approval from Honorable Sindh High Court, a syndicated restructuring agreement is proposed to be executed between the Company and respective creditors of the company. According to restructuring draft terms all ongoing litigations by or against the Company will be withdrawn by the respective parties.

The Management is making utmost efforts to recover from the present financial crises and has made its best and maximum possible efforts to come out from the prevailing misfortunes. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.

Due to pending litigation in the High Court against the Company for recovery of amount, the Company has not provided accrued mark-up in these accounts. Consequently banks/financial institutions have not confirmed the amounts which are already disputed by the Company.
The Company is very hopeful that with reconciliation of amounts, release of security in post re-profiling scenario, the financial health of the Company will be improved which will enable the Company to operate smoothly.

Due to financial crises the Company is not in a position to bear revaluation cost. However, the Company time to time carried in house technical valuation of fixed assets.

Corporate Governance

The Company has been complying with the rules & regulations of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

Board meetings and attendance

Four (4) meetings of the Board of Directors were held and attendance thereof by each director is as follows:

Name of Director	No of meeting attended
Mr. Muhammad Akhtar Mirza	4
Mr. Sohail Maqsood	4
Mr. Iftikhar Ali	4
Mr. Muhammad Ashraf Khan	4
Mr. Muhammad Maqbool Anjum	1
Mr. Abid Sattar	4
Mr. Hussain Ather	2

Leaves of absence were granted to the members who could not attend the meetings.

Audit Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has established an Audit Committee. Four (4) meetings of the Audit Committee were held and attendance thereof by each member is as follows:

Mr. Muhammad Maqbool Anjum	1
Mr. Hussain Ather	4
Mr. Muhammad Akhtar Mirza	4

HR & Remuneration Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has also established HR & Remuneration Committee. The names of its members are given in the Company information.

Internal Audit Function

The Board has implemented a sound and effective internal control system including operational, financial and compliance controls to carry on the business of the Company in a controlled environment in an efficient manner to address the Company's basic objectives.

Internal audit findings are reviewed by the Audit Committee, where necessary, action taken on the basis of recommendations contained in the internal audit reports.

Corporate Governance & Financial Reporting Framework

As required by the code of corporate governance, directors are pleased to report that:

- The financial statements prepared by the Management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound and has been effectively implemented and monitored.
- The Board is satisfied that there is no concern as regard to going concern under the Code and as duly explained in note 1.3 of Financial Statements
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchange.
- Key operating and financial data for the last six years is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2018 except for those disclosed in the financial statements.
- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report, except for those disclosed in the financial statements.

Earnings/Loss per Share

The Profit / (loss) per share of the Company for the period ended June 30, 2018 was Rs.(2.01) as compared to the previous year re-stated of Rs (2.69).

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2018.

Code of Conduct

The code of conduct has been developed and has been communicated and acknowledged by each Director and Employee of the company.

Corporate Social Responsibility

The company is responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

Web presence

Annual and periodical financial statements of the Company are also available on the Company website www.gulshan.com.pk for information of the shareholders and others.

Related Party Transactions

The transactions between the related parties were made at Arm's Length prices determined in accordance with the "comparable uncontrolled price method". The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of stock exchange in Pakistan.

Trading in Company's Shares

During the year under review the trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children is Nil.

Statement on Value of Staff Retirement Benefit

As on June 30, 2018 deferred liability for gratuity is Rs. 834,762.

Auditors

Messrs.' Baker Tilly Mehmood Idrees Qamar , Chartered Accountants being eligible have offered themselves for re-appointment. The Audit Committee has also recommended their appointment as External Auditors of the Company for the next financial year 2018-2019.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2018 including the information under the code of corporate of governance is annexed.

Acknowledgement

The Board wishes to place on record its appreciation for the employees, members of management team for their efforts, commitment and hard work.

On behalf of the Board

Sohail . M

Lahore October 05, 2018

SOHAIL MAQSOOD
CHIEF EXECUTIVE

پیراماؤنٹ سپننگ ملز لمیٹڈ

شیئرز ہولڈرز کو دی گئی ڈائریکٹر کی رپورٹ

پیراماؤنٹ سپننگ ملز لمیٹڈ کی سالانہ جنرل میٹنگ کے موقع پر کمپنی کے ڈائریکٹرز کمپنی کی مالیاتی رپورٹ پیش کررہے ہیں جو کہ آڈیٹرز کی رپورٹ کے ساتھ منسلک ہے یہ رپورٹ زیر جائزہ مالی سال مورخہ ۳۰ جون ۲۰۱۸ کی پیش کی جارہی ہے۔

مجموعی جائزہ۔

زیر جائزہ سال مجموعی طور پر کافی مشکل سال ثابت ہوا ہے۔ مالی ذرائع کی عدم دستیابی نے پیداواری صلاحیتوں کے استعمال میں رکاوٹ ڈالے رکھی۔ اسکے علاوہ ان نقصانات کا بنیادی سبب کام چلانے کے لئے سرمایہ کی عدم دستیابی سے پیدا ہونے والے مالی بحران کی وجہ سے بینکس اور دیگر مالی اداروں کی طرف سے بھی مالی امداد کو بھی یکطرفہ طور پر روک دیا گیا جس کے نتیجے میں کمپنی ہذا خام مال جس کی مدد سے موجود مشینری کو مناسب سطح کی حد تک چلا کر پیداوار کو بڑھایا جانا، مناسب مقدار میں مناسب وقت پر نہ خرید سکی۔ قرضہ بڑھانے کی سخت شرائط بلند شرح سود، مسلکہ لیکویڈٹی کے مسائل نے کمپنی کو مجبور کیا کہ وہ اپنے قرض اور واجبات کی ادائیگیوں کے لئے مزید وقت حاصل کرے جو کہ گفت وشنید کے بعد اس شرط پر کہ وہ اپنے قرضہ جات وقت پر ادا کریگی کمپنی کو مزید وقت مل جائے گا۔ کمپنی نے مارکیٹ میں کلیدی حیثیت رکھنے والے مالی اداروں/بینکس کے ساتھ مل کر قرض کے حصول کا عمل شروع کیا ہے۔ اس سلسلہ میں کمپنی نے معروف قانونی فرم کو بطور مالی امور کی وکیل مقرر کیا ہے اور شرائط وضوابط اور منصوبہ بندی کی دستاویزی شکل میں تیاری اپنے آخری مراحل میں ہے اور بیشتر مالی اداروں نے ہمارے قرض کے حصول کی منصوبہ بندی کو سراہا/منظور کیا ہے۔

اپریٹنگ (کام کی سرگرمیوں) اور مالی کارکردگی کا جائزہ

کام کی نوعیت	۲۰۱۷	۲۰۱۸
فروخت	----------	----------
فروخت کئے گئے سامان پر اٹھنے والی لاگت (اخراجات	(۴۵،۰۳۶،۶۶۵)	(۵۶،۴۴۹،۵۹۸)
مالیاتی لاگت	(۷۵۷،۱۸۵)	(۵۸،۳۱۹)
ٹیکس دینے سے پہلے کا نقصان	(۵۳،۶۳۲،۸۱۴)	(۴۸،۹۴۰،۱۷۱)
ٹیکس	۶،۹۲۳،۰۸۸	۱۴،۱۰۶،۳۰۸
ٹیکس دینے کے بعد کا نقصان	(۴۶،۷۰۹،۷۲۶)	(۳۴،۸۳۳،۸۶۳)

مستقبل کی تصویر کشی/منصوبہ بندی

ہماری قرضوں کے حصول کی منصوبہ بندی جلد از جلد اپنے تکمیل کے مراحل میں ہے۔ اور پھر قرضوں کے حصول کے لئے پیداواری صلاحیتوں کے استعمال میں بڑھوتری ہوسکے گی۔ اگر ایک دفعہ قرضوں کے حصول کی گفت وشنید کا مرحلہ کامیابی سے مکمل ہوگیا تو کمپنی کی انتظامیہ اپنی تمام تر توجہ بہتر پیداواری سرگرمیوں پر پر مرکوز کردیگی۔

آڈیٹرز کی طرف سے اٹھائے گئے اعتراضات

آڈیٹرز نے اس معاملے میں تشویش کا اظہار کیا ہے کہ کمپنی ابھی تک بینک ہائے ودیگر مالی اداروں کے ساتھ قرضوں کے حصول کے سلسلہ میں گفت وشنید اور قرض کے حصول کی نئی منصوبہ بندی اور سابقہ ادائیگیوں کے لئے مزید وقت کے حصول کے لئے تیز ترین اقدامات نہیں اٹھا سکی۔ اس سلسلے میں یہ امر قابل توجہ ہے کہ قرضوں کے حصول کی نئی منصوبہ بندی اپنے تکمیلی مراحل رہے جس کے تمام خاص خاص امور پر پیشتر بینک ہائے/مالی ادارے ہمارے ساتھ متفق ہیں۔ بینک ہائے/قرض دہندگان کی طرف سے پیش کردہ ایک سکیم آخری مراحل میں ہے اور جس کا ڈرافٹ ہمارے مالی امور کے قانونی ماہرین بنا رہے ہیں اور سندھ ہائی کورٹ کی منظوری کے بعد ایک معاہدہ مابین فریقین برائے حصول قرضہ کمپنی اور متعلقہ بینک ہائے کے درمیان

طے پا جائے گا۔اوراس معاہدہ کی شرائط وضوابط کے مطابق کمپنی اوراسکے مخالف اداروں کے درمیان جاری تمام قانونی کاروائیاں ختم ہوجائیں گی اورفریقین ہرطرح کی قانونی کاروائی سے دستبردار ہوجائیں گے۔انتظامیہ ہرممکن کوشش کررہی ہے کہ وہ کمپنی کوحالیہ مالی مسائل اور بدترین بحران سے نکال لے۔بیشک انتظامیہ نے اپنی بیشتر افرادی قوت کواستعمال کیا ہے تاکہ وسائل کے تحفظ،قدرتی وسائل اورخام مال کے موثر استعمال کے لئے کئے گئے ہرممکن اقدامات کی کامیابی کویقینی بنایاجائے۔

ہائیکورٹ میں جوکمپنی کے خلاف واجب الادا ادائیگیوں کے حصول کے لئے قانونی کاروائی چل رہی ہےاس سلسلہ میں کمپنی نے سود پر اضافی سود کی ادائیگی کے تقاضے کورد کردیا ہے جس کے نتیجہ میں بینک/ مالی اداروں نے کمپنی کے ذمہ واجب الادا پیسوں کوکنفرم نہیں کیاہے جوکہ پہلے سے کمپنی ہذانے متنازعہ قرار دیئے ہوئے ہیں۔

کمپنی کو یہ امید واثق ہے کہ ان متنازعہ رقوم کے سلسلہ میں اگرمفاہمت ہوگی تو ہمارے حق میں طے شدہ قرضوں کی اگلی اقساط جاری ہوجائیں گی اور سابقہ قسطوں کے لئے مزید وقت مل جائے گا۔جس کے نتیجہ میں کمپنی ہذا کی مالی صلاحیت میں اضافہ ہوگااوراپنے مالی ذرائع کوبہترطور پر چلاسکے گی اورمقامی اورعالمی مارکیٹ کے پریشر کوبرداشت کرسکے گی۔مالی مشکلات کی وجہ سے کمپنی اس حالت میں نہیں تھی ک اپنے اثاساجات کی دہ بارہ قیمت لگواسکے۔تاہم کمپنی وقتاً فوقتاً خود سے اپنے اثاثاجات کی دہ بارہ قیمت لگواتی رہی ھے۔

کارپوریٹ گورننس

آپ کی کمپنی سیکورٹیزاورایکسچینج کمیشن آف پاکستان کے قوانین پر بہرصورت عمل پیرا ہےاوراسکے مطابق اپنے داخلی مالی ودیگر معاملات کے کنٹرول کی پالیسیز کوبہترطریقے سے پہلے سے زیادہ سختی سےاورتوازن کے ساتھ نافذ کئے ہوئے ہے۔

بورڈمیٹنگزاورحاضرلوگ

بورڈآف ڈائریکٹرز کی چاردفعہ میٹنگ منعقد کی گئی اورڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے۔

نام ڈائریکٹرز	میٹنگ میں حاضری
محمداختر مرزا	۴
سہیل مقصود	۴
افتخار علی	۴
محمداشرف خان	۴
محمد مقبول انجم	۱
عابد ستار	۴
حسین اطہر	۲

جوارکان شامل ہونے سے قاصر تھےان کی حاضری سے چھٹی منظور کی گئی۔

آڈٹ کمپنی

حکومت کی طرف سے جاری کردہ ضابطہ پرعمل پیرا ہوتے ہوئے کمپنی کے بورڈآف ڈائریکٹرز نے ایک آڈٹ کمپنی جو بورڈ کے 3 ڈائریکٹرز/ارکان پرمشتمل ہے،تشکیل دی اوراس آڈٹ کمپنی کے ارکان نے آڈٹ کمپنی کے اجلاس میں شرکت کی جن کی تفصیل درج ذیل ہے۔

رکن کانام	میٹنگ میں شرکت کی تعداد
حسین اطہر	۴
محمداختر مرزا	۴
محمد مقبول انجم	۱

انسانی وسائل اور انکے معاوضے کی کمیٹی

حکومت کی طرف سے جاری کردہ ضابطہ پر عمل پیرا ہوتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے ایک انسانی وسائل اور ان کے معاوضے کی کمیٹی تشکیل دی اور ان ارکان کی تفصیلی رپورٹ کمپنی کی معلومات میں درج ہے۔

انٹرنل آڈٹ کا طریقہ کار (فرائض)

بورڈ آف ڈائریکٹرز نے مناسب اور موثر داخلی مالی کنٹرول سسٹم بنایا ہے اور اس پر سختی سے عمل پیرا ہیں۔ جس میں آپریشنل، فنانشل اور کمپنی کے کاروباری معاملات سے متعلقہ حکمت عملی پر مناسب طریقے سے عملدرآمد کرایا جاسکے تاکہ کمپنی کے بنیادی اصول کے مقاصد کو حاصل کیا جاسکے۔ انٹرنل آڈٹ کی سفارشات اور مشاہدات کو آڈٹ کمپنی نے دیکھا اور جہاں پر ضروری سمجھا انہوں نے دی گئی سفارشات اور مشاہدات کی روشنی میں مناسب کاروائی کی۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے فریم ورک

کارپوریٹ گورننس کے ضابطہ کے مطابق ڈائریکٹرز کو بخوش اسلوبی مندرجہ ذیل امور سرانجام دینے ہونگے۔

1- کمپنی انتظامیہ کی طرف سے جو مالی امور کا بیان پیش کیا جائے گا وہ کمپنی کے مالی امور کا اصل اور سچے چہرے کی عکاسی کرے گا اور کمپنی کے آپریشن کے نتائج/ ماحاصل/ منافع/ نقصان، کیش فلو اور ایکٹی میں تبدیلیوں کی صحیح ترجمانی/ آئینہ داری کرے۔

2- کمپنی کے کھاتوں کی مناسب تیاری اور دیکھ بھال کرے۔

3- مناسب اکاؤنٹنگ حکمت عملی کی تیاری اور اسکی روشنی میں مالی امور کے بیان اور مالی تخمینہ جات کی تیاری اور اس سلسلہ میں معقول اور دانشمندانہ فیصلے کیے جائیں۔

4- بین الاقوامی اکاؤنٹنگ سٹینڈرڈ جو کہ پاکستان میں لاگو ہیں کے مطابق مالی امور کا بیان تیار کیا جائے۔

5- اندرونی مالی نظم وضبط کے کنٹرول کا سسٹم موثر اور مستحکم ہو، اسکے نفاذ کا مناسب مانیٹرنگ سسٹم موجود ہو۔

6- بورڈ کے ڈائریکٹرز کو مالی امور کے بیان کے پیرا نمبر 1.3 میں دیئے گئے ضابطہ کے سلسلہ میں کسی قسم کی کوئی خلاف ورزی نہ ہو۔

7- کارپوریٹ گورننس کے سلسلہ میں بہترین طریقوں کو اختیار کیا جائے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے اور کوئی خلاف ورزی سامنے نہ آئے۔

8- گزشتہ 6 سالوں کا آپریٹنگ اور مالی امور کا کلیدی ڈیٹا لف ہذا ہے۔

9- ٹیکسز، ڈیوٹیز، محصولات اور دیگر چارجز کی مد میں کوئی اضافی یا غیر قانونی ادائیگیاں نہیں کی گئیں۔

10- حالیہ مالی سال کے اختتام پر جو بیلنس شیٹ اور ڈائریکٹرز رپورٹ پیش کی گئی اسکے مطابق کمپنی کی مالی پوزیشن کے مواد میں کسی قسم کی کوئی کلیدی یا بنیادی تبدیلی نہیں کی گئی جو ایک کمپنی کی مالیاتی صورتحال کو متاثر کرے سوائے ان کے جو مالی امور کے بیان میں اشکار کی گئیں۔

نفع/نقصان بمطابق شیئرز کی قیمت

بمطابق شیئرز کی حالیہ قیمت، کمپنی کا نقصان برائے اختتامی دورانیہ ۳۰ جون ۲۰۱۸، فی شیئر (۲۔۰۱) روپے ہے جو کہ پچھلے سال (۲۔۶۹) روپے فی شیئر تھا۔

منافع

متذکرہ بالا پیش کردہ امور کی روشنی میں بورڈ آف ڈائریکٹرز نے اختتامی دورانیہ ۳۰ جون ۲۰۱۸ کے لئے کسی منافع کی سفارش نہیں کی ہے۔

ضابطہ اخلاق

کمپنی ہذا کے ہر ڈائریکٹر اور ملازم کو مجوزہ ضابطہ اخلاق کے بارے میں تیار، آگاہ اور متعارف کروایا گیا ہے۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی کارپوریٹ سماجی ذمہ داریاں جو کہ سماج، شہری دفاع، ملازمین کی بہبود اور ماحول دوستی پر مبنی ہیں کو پوری طرح سے تسلیم کرتی ہے اور اس پر عمل پیرا ہے۔

ویب/سماجی رابطہ کے ذرائع پر موجودگی

کمپنی کی سالانہ اور متواتر مالی امور کا بیان کمپنی کی ویب سائٹ www.gulshan.com.pk شیئرز ہولڈز اور دیگران کی آگاہی کے لئے موجود ہے۔

متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین کو آرمز لینتھ قیمت کے قانون کے مطابق کیا جاتا ہے جو کہ "کمپنیز ان کنٹرولڈ پرائس میتھڈ" کے مطابق طے شدہ ہے۔ کمپنی ہذا کارپوریٹ گورننس کے بہترین طریقوں کو اختیار کئے ہوئے ہے جن کا ذکر سٹاک ایکسچینج کے قوانین میں ہے۔

کمپنی کے شیئرز کی ٹریڈنگ

زیر جائزہ سال میں چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ڈائریکٹرز اور ان کی ازواج/ خاوند اور بچوں کی طرف سے کمپنی کے شیئرز کا کوئی کاروبار نہیں کیا گیا۔

عملہ کے ریٹائرمنٹ کے فائدے کی قیمت کا بیان۔

دورانیہ برائے مورخہ ۳۰ جون ۲۰۱۸ موخر کی گئی ادائیگی برائے گریجویٹی کی رقم -/۸۳۴،۷۶۲ روپے مختص کی گئی ہے۔

آڈیٹرز

میسرز باقر ٹلی محمود، ادریس قمر چارٹرڈ اکاؤنٹنٹس نے اپنی کمپنی دوبارہ مقرر کرنے کی پیشکش کی ہے اور آڈٹ کمیٹی نے بھی ان کی بطور کمپنی کے بیرونی آڈیٹرز برائے اگلے مالی ۲۰۱۹-۲۰۱۸ کی تعیناتی کی سفارش/منظوری کی ہے۔

شیئرز ہولڈنگ کا پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق ۳۰ جون ۲۰۱۸ شیئر ہولڈنگ کا پیٹرن لف رپورٹ ہذا ہے۔

تحسینی اعترافات

ہم اپنے جذبے سے سرشار ٹیم اور ایگزیکٹوز/ ڈائریکٹرز، دیگر عملے اور کارکنوں کا بھی شکریہ ادا کرتے ہیں جنہوں نے اس تمام عرصہ میں سخت محنت اور لگن سے کام کیا۔

بورڈ آف ڈائریکٹرز کی طرف/منجانب سے

Sohail 18

سہیل مقصود چیف ایگزیکٹو

مورخہ ۲۰۱۸-۱۰-۰۵ لاہور

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

Year Ended **June30, 2018**

The company has complied with the requirements of listed Companies (Code of Corporate Governance) Regulation-2017 (the regulations) in the following manner

1- The total number of directors is seven (including the Chief executive officer). The composition of the board is as follow.

Category	Names
Independent Director	Mr. Hussain Ather
Executive Directors	Mr. Sohail Maqsood , Mr.Muhammad Ashraf Khan
Non-Executive Directors	Mr. Muhammad Akhtar Mirza , Mr. Abid Sattar, Mr. Iftikhar Ali , Mr.Hussain Ather , Mr.Muhammad Maqbool Anjum

1. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company.

2. All the resident directors are registered as taxpayers (except 2 , under process of tax registration) and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

3. Casual vacancies occurring in the Board during the period under review were filled statutory period given in the code

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

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

6. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and term and conditions of employment of the chief executive officer and executive and non-executive directors have been taken by the Board.

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

8. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

10. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

11. The Board has formed an committees, comprising of members are given below.

    A) Audit Committee

Mr.Hussain Ather	Chairman
Mr.Muhammad Maqbool Anjum	Member
Mr.Muhammad Akhtar Mirza	Member

    B) HR & Remueration Committee

Mr.Iftikhar Ali	Chairman
Mr.Abid Sattar	Member
Mr.Muhammad Akhtar Mirza	Member

12. The term of reference of aforesaid committees have been formed, documented and advised to the committees for compliance.

13. The frequency of the meetings (quarterly / half yearly / annually) ere as per following.

a)Audit Committee	Four Meeting were held during the financial year with at least one meeting in each quarter.
b) HR & Remuneration Committee	Four Meeting were held during the financial year.

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

15. The board has formed an HR and Remuneration Committee. At present it comprises of three board members of whom two are non-executive directors and chairman of the committee is a non-executive director.

16. The Company will appoint female and second independent director as per CCG regulation-2017 within the due course of time.

17. The board has set up an effective internal audit function.

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

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

20. We confirm that all other requirements of the regulations-2017 have been complied with.

On behalf of the board of Directors

Sohail M

Sohail Maqsood
Chief Executive Officer
Lahore October 05, 2018

M. Akhtar Mirza
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBER OF PARAMOUNT SPINNING MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017, ("the Regulations") prepared by the Board of Directors of ***Paramount Spinning Mills Limited*** 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.

Following instances of non-compliance with the requirement(s) of the Regulations were observed which are not stated in the Statement of Compliance:

1. The Company has not appointed any female director on its board.
2. The Company has appointed only one independent director.
3. During the year, no orientation courses were arranged for its directors to apprise them of their duties and responsibilities. The board has ensured arrangement of orientation courses for its directors by the end of June 30, 2019.
4. Nomination committee and risk management committee are not formed by the board.
5. The Company has not prepared, circulated and filed quarterly unaudited financial statements and half yearly financial statements subject to a limited scope review as required by clauses (xviii and xix) of the Code.

Based on our review, except for the above instance(s) of non-compliance, 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 Regulations as applicable to the Company for the year ended June 30, 2018.

BAKER TILLY MEHMOOD IDREES QAMAR,
Chartered Accountants
Name of Engagement Partner: Bilal Ahmed Khan

Lahore
Date: October 05, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Paramount Spinning Mills Limited
Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in basis for adverse opinion paragraph, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at **June 30, 2018**, and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

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

a) as described in note 1.3 to the financial statements, the financial statements have been prepared on going concern basis. The Company has accumulated loss of Rs. 3,428.43 million as at June 30, 2018, shareholder's equity is negative by Rs. 1,869.48 million and as of that date the Company's current liabilities exceed its current assets by Rs. 3,181.23 million. The Company has closed its operations due to working capital constraints indicating facing financial problems. Further, various banks and financial institutions have filed recovery suits against the Company as detailed in note 29.1 to the financial statements and the ultimate outcome of these suits cannot presently be determined because these matters are pending before various courts. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements and notes thereto do not disclose this fact. The management of the Company also did not provide us its assessment of going concern assumption used in the preparation of the financial statements and the future projections indicating the economic viability of the Company. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate.

b) Certain litigations have been filed by / against the Company as disclosed in note 29.1 to these financial statements. Management and the legal counsels of the Company in their respective direct response to our confirmation requests have not provided us their assessment of the potential outcome of these litigations. Accordingly, the Company has not provided for the outcome of these litigations. The mark-up / interest on long-term finances, lease finances and short-term borrowings to the extent aggregating Rs. 1,100.640 million, including balance of Rs. 150.709 million for the current year, has not been accrued in these financial statements, thereby increasing shareholders' equity and current liabilities by Rs. 1,100.640 million, and reducing loss for the current year by Rs. 150.315 million as fully detailed in note 26.3 to the financial statements.

c) we have not received year end confirmations from banks and financial institutions in respect of bank balances aggregating Rs. 6.601 million (note 16.1) and short-term borrowings aggregating Rs. 1,727.308 million (note 27.6). No confirmations have been received in respect of lease deposits (note 7), long-term finances from banking companies (note 21 and 28), liabilities against assets subject to finance lease (note 22 and 28), payable against overdue letter of credit (note 25.2), and accrued mark-up / interest (note 26 and 13). Further, year-end bank statements from various banks and financial institutions in respect of bank balances and short-term borrowings were also not available.

d) as discussed in note 5 and 19 to the accompanying financial statements, freehold and leasehold land, buildings on freehold and leasehold land, plant and machinery, electric installation and mills equipment are carried at revaluation model. The Company has not carried out revaluation exercise of the said items of property, plant and equipment. Accordingly, we remained unable to ascertain whether the carrying value of the items of property, plant and equipment and related surplus on revaluation of property, plant and equipment and disclosures thereof, is sufficient in the financial statements.

e) Stock-in-trade aggregating Rs. 66.022 million has not been verified; and

f) We are unable to verify receivables against export rebate and duty drawbacks amounting to Rs. 83.072 million on account of exports made in previous years.

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, forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for Adverse Opinion section, we have determined the following matters to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit.
1. Valuation of trade debts Refer to note 10 to the financial statements and accounting policy in note 4.7 to the financial statements. The company has significant balance of trade debts. Provision against doubtful trade debts is based on management judgment to determine the appropriate level of provision against balances	Our audit procedure to assess the valuation of trade debts amongst others, include the following: – Obtaining an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process.

which may not ultimately be recovered. We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts.	– On sample basis, closing balances confirmed by circularization of confirmation and compared the responses received with balances as per clients' record. – For a sample trade debts, tested the adequacy of the provision for the doubtful debts recorded against the trade debts while taking into account the ageing of receivables at year end and cash receivable after year end as well as assessing the judgment made by the management in relation to the credit worthiness of the debtors. – Testing the accuracy of the data on sample basis extracted from the Company accounting systems which is used to calculate the ageing of trade receivables; and – Assessing the historical accuracy of provisions for doubtful debts recorded by examining the utilization or release of previously recorded provisions.
2. Change in accounting policy as a result of changes in the Companies Act, 2017. As referred to in note 4.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. Due to the above, the Company has changed its accounting policy to account for surplus on revaluation of plant and machinery (refer note 5) with retrospective effect. Previously, surplus on revaluation was presented in the financial statements below the equity and change in surplus was taken directly to equity. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income. The impact of said change in accounting policy has been disclosed in note 4.1 to the accompanying financial statements.	Our audit procedures include the following: – We assessed the procedures applied by the management for identification of changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements; – Re-performed the calculations based on the working and valuation reports of the respective year to ensure that values of plant and machinery, and surplus on revaluation of plant and machinery have been properly restated in the financial statements; and

We have considered the above as a key audit matter due to the significant amount of surplus on revaluation of plant and machinery, requirements to apply changes retrospectively in compliance with IAS 8 - Accounting Policies and Changes in Accounting Estimates and Errors, and involvement of expert for valuation of plant and machinery by management.	– In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to in note 4.1, 5 and 19 to the accompanying financial statements; we assessed the accounting implications and disclosures in the financial statements in accordance with the applicable accounting and reporting standards.
3. Current and deferred tax As discussed in note 4.13, 24 and 35 to the accompanying financial statements, the Company has recorded reversal of temporary difference that resulted in reduction of tax expense amounting to Rs. 14.106 million. We considered the above matters to be a key audit matter due to the judgments and estimates inherent in the calculation of tax expense.	Our audit procedures included the followings: – Developed an understanding of management process for calculating tax expense; – Assessed the extent to which provisions are supported by underlying circumstances and determined that they are being made on basis consistent with previous years; – Assessed the appropriateness of provisions recorded in the financial statements by using our specialists tax knowledge and reviewing the latest tax returns filed by the Company; – Critically analyzed and challenged the assumptions used by the management in calculating tax expense; and – Ensured that the tax calculated is in accordance with the requirements of IAS 12 and the Income Tax Ordinance, 2001.
4. Preparation of financial statements under the Companies Act, 2017 The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribe the nature and contents of disclosures in relation to various elements of the financial statements.	Our procedures included, but were not limited to: – We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. – We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.

In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements. The above changes and enhancements in the financial statements or considered important and key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to note 3.1 to the financial statements.	– We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and requirements of Companies Act, 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 relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in 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 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 reasonable be expected to outweigh the public interest benefits of such communications.

Report on Other Legal and Regulatory Requirements

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

a) proper books of accounts have been kept by the Company as required by the Companies Act, 2017;
b) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn-up in conformity with the Companies Act, 2017, and however, the same are in agreement with the books of accounts and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (VIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ahmed Khan.

BAKER TILLY MEHMOOD IDREES QAMAR,
Chartered Accountants

Lahore
Date: October 05, 2018

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Restated Rupees	2016 Restated Rupees
ASSETS				
Non-current assets				
Property, plant and equipment	5	**1,627,665,102**	1,659,648,417	1,692,439,487
Long-term investments	6	**-**	-	-
Long-term deposits	7	**3,534,361**	3,534,361	3,534,361
		1,631,199,463	1,663,182,778	1,695,973,848
Current assets				
Stores, spare parts and loose tools	8	**6,293,191**	8,390,921	10,488,652
Stock-in-trade	9	**66,021,649**	88,028,866	93,358,615
Trade debts	10	**8,997,093**	17,355,889	12,382,110
Loans and advances	11	**14,568,885**	14,090,609	14,001,274
Deposits and prepayments	12	**3,543,198**	3,543,198	3,543,198
Accrued mark-up / interest	13	**689,018**	689,018	689,017
Short-term investment	14	**-**	-	-
Other receivables	15	**99,123,615**	103,956,009	105,023,551
Bank balances	16	**6,820,362**	9,434,041	9,496,261
		206,057,011	245,488,551	248,982,678
Total assets		**1,837,256,474**	1,908,671,330	1,944,956,526
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	17	**173,523,290**	173,523,290	173,523,290
Reserves	18	**475,400,000**	475,400,000	475,400,000
Accumulated loss		**(3,428,432,003)**	(3,403,410,038)	(3,366,622,058)
Surplus on revaluation of operating fixed assets	19	**910,028,166**	919,840,064	929,761,809
		(1,869,480,547)	(1,834,646,684)	(1,787,936,959)
Sub-ordinated loan	20	**175,000,000**	175,000,000	175,000,000
Non-current liabilities				
Long-term financing	21	**-**	-	142,020,639
Liabilities against assets subject to finance lease	22	**-**	-	-
Staff retirement benefits - gratuity	23	**834,762**	998,259	3,686,026
Deferred taxation	24	**143,611,962**	157,718,270	164,641,358
		144,446,724	158,716,529	310,348,023
Current liabilities				
Trade and other payables	25	**810,616,027**	820,342,658	849,607,998
Accrued mark-up / interest	26	**35,697,565**	36,302,787	36,295,422
Short-term borrowings	27	**2,146,136,892**	2,157,391,227	2,104,967,867
Current maturity of non-current liabilities	28	**394,839,813**	395,564,813	256,674,174
		3,387,290,297	3,409,601,485	3,247,545,462
Contingencies and commitments	29	-	-	-
Total equity and liabilities		**1,837,256,474**	1,908,671,330	1,944,956,526

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

Sohail Maqsood	Nasir Mahmood	Akhtar Mirza
Chief Executive	**Chief Financial Officer**	**Director**

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

	Note	2018 Rupees	2017 Rupees
Sales	30	-	-
Cost of sales	31	(56,449,598)	(45,036,665)
Gross loss		(56,449,598)	(45,036,665)
Administrative expenses	32	(2,811,541)	(17,931,906)
Other operating income	33	10,379,287	10,092,942
		7,567,746	(7,838,964)
Loss from operations		(48,881,852)	(52,875,629)
Finance cost	34	(58,319)	(757,185)
Loss before taxation		(48,940,171)	(53,632,814)
Taxation	35	14,106,308	6,923,088
Loss after taxation		(34,833,863)	(46,709,726)
Loss per share - basic and diluted	36	(2.01)	(2.69)

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

Sohail . M		
Sohail Maqsood	Nasir Mahmood	Akhtar Mirza
Chief Executive	**Chief Financial Officer**	**Director**

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

	2018 Rupees	2017 Rupees
Loss after taxation	**(34,833,863)**	(46,709,726)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(34,833,863)**	(46,709,726)

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

Sohail Maqsood	Nasir Mahmood	Akhtar Mirza
Chief Executive	**Chief Financial Officer**	**Director**

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

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	37	11,396,189	(46,936,271)
Finance cost paid		(663,541)	(749,819)
Interest received		14,092	52,941
Income tax paid		(10,674)	(27,415)
Staff retirement benefits - gratuity paid		(2,913,011)	(1,695,015)
Net cash from / (used in) operating activities		7,823,055	(49,355,579)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property palnt and equipment		1,542,602	-
Net cash from investing activities		1,542,602	-
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments)/receipts against:			
Long-term finances - net		(725,000)	(3,130,000)
Short-term borrowings - net		(11,254,337)	52,423,360
Net cash (used in) / from financing activities		(11,979,337)	49,293,360
Net decrease in cash and cash equivalents during the year		(2,613,680)	(62,220)
Cash and cash equivalents at the beginning of the year		9,434,041	9,496,261
Cash and cash equivalents at the end of the year	16	6,820,362	9,434,041

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

Sohail . M
Sohail Maqsood
Chief Executive

Nasir Mahmood
Chief Financial Officer

Akhtar Mirza
Director

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

	Share capital	Reserves: Share premium	Reserves: General reserve	Accumulated loss	Capital reserve: Revaluation surplus	Total
	(Rupees)					
Balance as at July 1, 2016 - as previusly reported	173,523,290	15,400,000	460,000,000	(3,366,622,058)	-	(2,717,698,768)
Effect of change in accounting policy	-	-	-	-	929,761,809	929,761,809
Balance as at July 1, 2016 - restated	173,523,290	15,400,000	460,000,000	(3,366,622,058)	929,761,809	(1,787,936,959)
Loss for the year	-	-	-	(46,709,726)	-	(46,709,726)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	9,921,746	(9,921,746)	-
Balance as at June 30, 2017 - restated	173,523,290	15,400,000	460,000,000	(3,403,410,038)	919,840,064	(1,834,646,684)
Loss for the year	-	-	-	(34,833,863)	-	(34,833,863)
Surplus on revaluation of operating fixed assets realised on account of incremental depreciation for the year	-	-	-	9,811,898	(9,811,898)	-
Balance as at June 30, 2018	**173,523,290**	**15,400,000**	**460,000,000**	**(3,428,432,003)**	**910,028,166**	**(1,869,480,547)**

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

Sohail Maqsood
Chief Executive

Nasir Mahmood
Chief Financial Officer

Akhtar Mirza
Director

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

1 LEGAL STATUS AND OPERATIONS

1.1 Paramount Spinning Mills Limited ("the Company") was incorporated as a public limited company on August 22, 1981, and its shares are listed on Karachi and Lahore Stock Exchanges (now Pakistan Stock Exchange Limited). The registered office is located at Finlay House, I. I. Chundrigar Road, Karachi. The manufacturing facilities of the Company are located at Kotri and Raiwind. The Company is principally engaged in progressive manufacture and sales of cotton yarn, garments and yarn dyeing.

1.2 The Board of Directors of the Company in its meeting held on April 05, 2011, approved the scheme of merger by amalgamation of Gulistan Spinning Mills Limited and Gulshan Spinning Mills Limited into Paramount Spinning Mills Limited along-with the approval of share swap ratio in relation thereto. The Company on orders of the Honourable High Court of Sindh called Extra Ordinary General Meeting on August 01, 2011 in which the said scheme was approved by shareholders of the Company. The Company filed an application for withdrawal of merger petition. The Honourable High Court of Sindh vide order dated December 21, 2017, dismissed the merger petition as withdrawn on the application filed by the Company.

1.3 Going concern assumption

The Company has accumulated loss of Rs. 3,428.432 million as at June 30, 2018 and as at that date its current liabilities exceeded its current assets by Rs. 3,181.23 million. This is mainly due to under utilisation of capacity because of insufficiency of working capital lines. All the working capital lines and other finances have been blocked by respective banks and financial institutions due to litigations with these lenders as detailed in note 29.1.1 to the financial statements. These conditions along with other adverse key financial ratios and the pending litigations with the banking companies and financial institutions render the company unable to operate its manufacturing facilities in normal manners. This indicates existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements, however, have been prepared under the going concern assumption due to following reasons:

(i) Restructuring /rescheduling of existing debt /loan facilities availed by the Company

The Company along with its restructuring agent (a leading bank) and a few other lending banks, had proposed an indicative term sheet to its lending financial institutions on June 28, 2013 in order to restructure the outstanding debt obligations of the Company. The proposed term sheet is still in the process of finalization. Once finalized, it will be signed by all parties and legal documentation will be executed to restructure outstanding debts of the Company. Salient features of this indicative term sheet are as follows:

- the existing facilities will be restructured and consolidated into a long-term finance facility and aggregate principal outstanding will be repaid over 8 years. The sponsors will inject equity amounting Rs. 250.00 million within one year of the effective date of debt restructuring through sale of various assets. Balance of the outstanding facility amount will be repaid in instalments over a period of 8 years on quarterly basis as per the agreed repayment schedule;

- total accrued and outstanding mark-up due/payable till June 30, 2018, by the Company to its existing lenders will be repaid starting immediately after the expiry of 8 years time period of principal repayment on quarterly basis over a 2 years period (accrued mark-up period); and

- mark-up rate shall be 5.00% per annum for the first 2 years of repayment tenure, however, a mark-up of 0.50% per annum shall be paid by the Company during the first year and mark-up at the rate of 1.00% will be paid in second year of the repayment tenure.

Whereas the remaining differential mark-up amount for these periods will be accumulated and repaid on quarterly basis starting from second-year of the accrued mark-up period. For the remaining 6 years of the restructured facility, mark-up shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.

(ii) the management has made arrangements whereby third party cotton is being processed against processing fee for utilisation of unutilised capacity.

(iii) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses. Such steps include, but not limited to, right sizing of the man power, resource conservation, close monitoring of other fixed cost etcetera.

The indicative terms sheet as referred above, has not been agreed upon to date, by majority of the lending financial institutions. Despite this, the management optimistically anticipates that in future all lending institutions would agree the proposed terms, hence, this proposed restructuring along with the above-mentioned steps will not only bring the Company out of the existing financial crisis, but also contribute significantly towards the profitability of the Company in the foreseeable future. Therefore, these financial statements do not include any adjustment that might result, should the Company not being able to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued/ recoverable amounts, certain financial assets which are carried at fair values and staff retirement benefits which has been recognised at present value as determined by the management.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

2.4 Significant accounting estimates and judgments

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

(i) Estimate of useful lives, residual values of property, plant and equipment and recoverable values to account for impairment loss.(note 5)

(ii) Net realisable values of stores, spares and loose tools and stock-in-trade.(note 8 and 9)

(iii) Provision for impairment of trade debts.(note 10)

(iv) Provision for staff retirement benefit - gratuity.(note 23)

(v) Provision for taxation.(note 35)

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018,

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.	**Effective from accounting period beginning on or after January 01, 2017.**
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.	**Effective from accounting period beginning on or after January 01, 2017.**

Certain annual improvements have also been made to a number of IFRSs.

The Companies Act, 2017, (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of Property, Plant and Equipment. Further, the disclosure requirements contained in the Fourth Schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 2 - Share-based Payment - Clarification on the classification and measurement of share-based payment transactions.	**Effective from accounting period beginning on or after January 01, 2018.**
IFRS 4 'Insurance Contracts'. Amendments regarding the interaction of IFRS 4 and IFRS 9.	**An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.**
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 'Financial Instruments: Recognition and Measurement' upon its effective date.	**Effective from accounting period beginning on or after July 01, 2018.**
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	**Effective from accounting period beginning on or after January 01, 2019.**
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	**Effective from accounting period beginning on or after July 01, 2018.**
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	**Effective from accounting period beginning on or after January 01, 2019.**

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	**Effective from accounting period beginning on or after January 01, 2019.**
Amendments to IAS 28 'Investments in Associates and Joint Ventures'- Amendments regarding long-term interest in associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	**Effective from accounting period beginning on or after January 01, 2019.**
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property.	**Effective from accounting period beginning on or after January 01, 2018. Earlier application is permitted.**
Amendments to IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	**Effective from accounting period beginning on or after January 01, 2018. Earlier application is permitted.**
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	**Effective from accounting period beginning on or after January 01, 2019.**

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral accounts
- IFRS 17 Insurance Contracts

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. Except for the changes as described in note 4.1 below, the accounting polices have been consistently applied to all the years presented.

4.1 Change in accounting policy

The promulgation of the Companies Act, 2017 (*the Act*) has repealed the Companies Ordinance, 1984 (*the Ordinance*) and hence, Section 235 of the Ordinance relating to accounting treatment and presentation of the surplus on revaluation of Property, Plant and Equipment has not been carried forward in the Act. Consequently, in accordance with the requirements of the International Financial Reporting Standards (IFRSs) - IAS 16 "Property, Plant and Equipment", the said surplus on revaluation of Property, Plant and Equipment would be presented under equity.

As a result of this change, increases in the carrying amounts arising on revaluation of Property, Plant and Equipment to be recognised, net of tax, in other comprehensive income and in accumulated reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase would first be recognised in profit or loss. Decreases that reverse previous increases of the same asset would first be recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases would be charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, would be reclassified from the revaluation surplus on Property, Plant and Equipment to retained earnings.

Surplus on revaluation of Property, Plant and Equipment would now form part of reserves and the change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	2017			2016		
	As previously stated	As restated	Restatement	As previously stated	As restated	Restatement
	Rupees					
Effect on Statement of Financial position						
Surplus on revaluation of Property, Plant and Equipment	919,840,064	-	(919,840,064)	929,761,809	-	(929,761,809)
Share capital and reserves	-	919,840,064	919,840,064	-	929,761,809	929,761,809
Effect on Statement of Changes in Equity						
Capital reserve	-	919,840,064	919,840,064	-	929,761,809	929,761,809

4.2 Property, plant and equipment

4.2.1 Owned

Property, plant and equipment except for freehold land, leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations, mill's equipment and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount whereas leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment are stated at revalued amounts less accumulated depreciation and impairment loss, if any. Capital work-in-progress is stated at cost less impairment loss, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

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. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation on assets is charged to income applying the reducing balance method at the rates stated in note 5. Depreciation on additions is charged from the day in which an asset becomes available for use, while on disposals depreciation is charged up to the day of disposal.

The depreciation method and useful lives of items of property, plant and equipment are reviewed at each reporting date and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future years.

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Increases in the carrying amounts arising on revaluation of Property, Plant and Equipment to be recognised, net of tax, in other comprehensive income and in accumulated reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase would first be recognised in profit or loss. Decreases that reverse previous increases of the same asset would first be recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases would be charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, would be reclassified from the revaluation surplus on Property, Plant and Equipment to retained earnings. The above policy has changed as a result of adoption of Companies' Act, 2017, and its impact is discussed in detail in note 4.1.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.2.2 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rates stated in note 5 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to income currently.

4.3 Investments in associated companies

Investments in associated companies are accounted for by using equity basis of accounting, under which the investments in associated companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the associated companies after the date of acquisition. The Company's share of profit or loss of the associated companies is recognised in the Company's profit or loss. Distributions received from the associated companies reduce the carrying amounts of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associated companies arising from changes in the associated companies' equity that have not been recognised in the associated companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

Where Company's share of losses of associated companies equals or exceeds its interest in the associates, the Company discontinues recognising its share of further losses except to the extent that Company has incurred legal or constructive obligation or has made payment on behalf of the associates. If the associates subsequently report profits, the Company resumes recognising its share of those profit only after its share of the profit equals the share of losses not recognised.

4.4 Long-term deposits

These are stated at cost which represents the fair value of the consideration given.

4.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at lower of cost and net realisable value. The cost of inventory is based on weighted average cost less provision for obsolescence. Items in-transit are stated at cost comprising invoice value plus other charges thereon accumulated upto the reporting date.

4.6 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realisable value (NRV) except waste, which is valued at NRV. Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale. Cost of raw materials, packing materials and components represent invoice values plus other charges paid thereon.

Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads.

Goods in-transit are valued at cost comprising of invoice value plus other charges accumulated up to the reporting date.

4.7 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

4.8 Short-term investments

Investments which are acquired principally for the purpose of selling in the near term exhibiting short-term profit taking are classified as investments at fair value through profit or loss. All transaction costs are recognised directly in profit and loss account. These are stated at fair value with any resulting gains or losses recognised directly in the profit and loss account.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances with banks.

4.10 Interest/mark-up bearing loans and borrowings

Interest/mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.11 Staff retirement benefit - gratuity

The Company operates an unfunded gratuity scheme covering all of its permanent employees who have completed minimum qualification period for entitlement to gratuity. Provision is made on the basis of actuarial valuation. The recent actuarial valuation was carried-out on June 30, 2014 using the "Projected Unit Credit Method".

The amount arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in the profit and loss account.

4.12 Trade and other payables

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.13 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current year's taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and taxes paid under the presumptive tax regime.

Deferred

Deferred tax is recognised 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 recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. 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 recognised 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 realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date.

4.14 Provisions, contingent assets and contingent liabilities

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

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and only disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.15 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes deposits, trade debts, loans and advances, accrued mark-up/interest, short-term investments, other receivables, cash and bank balances, long-term finances, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up/interest and short-term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.16 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

4.17 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account and in case revalued assets are tested for impairment, then impairment loss up to the extent of revaluation surplus shall be recognised in revaluation surplus and remaining loss, if any shall be recognized in profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.18 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupee, using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the profit and loss account.

4.19 Revenue recognition

Revenue is recognised 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 is measured at the fair value of consideration received or receivable on the following basis:

- Local sales are recognised on dispatch of goods to customers and export sales are recognised on bill of lading date.

- Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.
- Dividend income from the investments is recognised, when the Company's right to receive dividend has been established.
- Gain or loss on sale of investments is accounted for, when the commitment (trade date) for sale is made.

4.20 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

4.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.22 Segment reporting

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

4.23 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

	Note	2018 Rupees	2017 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,627,665,102	1,659,648,417

5.1 PROPERTY, PLANT AND EQUIPMENT

	OWNED										LEASED			
	Leasehold land	Buildings on leasehold land	Freehold land	Buildings on Freehold land	Plant and machinery	Electric installations	Mills equipment	Vehicles	Furniture and fixtures	Office equipment	Plant and machinery	Vehicles	Electric installations	Total
	Rupees													
As July 01, 2016														
Opening net book value	87,630,302	334,523,779	393,970,000	190,772,749	473,642,264	35,365,270	25,232,399	1,652,861	4,748,701	5,404,032	136,816,645	692,722	1,987,764	1,692,439,487
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/Transfer														
- cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(1,348,158)	(8,363,094)	-	(4,769,319)	(11,841,057)	(884,132)	(630,810)	(330,572)	(474,870)	(540,403)	(3,420,416)	(138,544)	(49,694)	(32,791,070)
Closing net book value	86,282,143	326,160,685	393,970,000	186,003,430	461,801,208	34,481,138	24,601,589	1,322,289	4,273,831	4,863,628	133,396,229	554,177	1,938,069	1,659,648,417
As at June 30, 2017														
Revaluuation / Cost	93,150,000	411,289,609	393,970,000	211,055,709	1,077,928,511	79,477,601	57,434,808	5,021,922	14,515,863	17,850,215	152,068,741	16,777,350	2,578,186	2,533,118,515
accumulated Depreciation	(6,867,857)	(85,128,924)	-	(25,052,279)	(616,127,303)	(44,996,463)	(32,833,219)	(3,699,633)	(10,242,032)	(12,986,587)	(18,672,512)	(16,223,173)	(640,117)	(873,470,098)
Net book value	86,282,143	326,160,685	393,970,000	186,003,430	461,801,208	34,481,138	24,601,589	1,322,289	4,273,831	4,863,628	133,396,229	554,177	1,938,069	1,659,648,417
Year ended June 30, 2018														
Opening net book value	86,282,143	326,160,685	393,970,000	186,003,430	461,801,208	34,481,138	24,601,589	1,322,289	4,273,831	4,863,628	133,396,229	554,177	1,938,069	1,659,648,417
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/Transfer														
- cost	-	-	-	-	-	-	-	(2,218,500)	-	-	-	-	-	(2,218,500)
- accumulated depreciation	-	-	-	-	-	-	-	2,063,094	-	-	-	-	-	2,063,094
	-	-	-	-	-	-	-	(155,406)	-	-	-	-	-	(155,406)
Depreciation charge	(1,348,158)	(8,154,017)	-	(4,650,086)	(11,545,030)	(862,028)	(615,040)	(245,611)	(427,383)	(486,363)	(3,334,906)	(110,835)	(48,452)	(31,827,910)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing net book value	**84,933,985**	**318,006,668**	**393,970,000**	**181,353,344**	**450,256,178**	**33,619,110**	**23,986,549**	**921,272**	**3,846,448**	**4,377,265**	**130,061,323**	**443,342**	**1,889,617**	**1,627,665,102**
Revaluuation / Cost	93,150,000	411,289,609	393,970,000	211,055,709	1,077,928,511	79,477,601	57,434,808	2,803,422	14,515,863	17,850,215	152,068,741	16,777,350	2,578,186	2,530,900,015
accumulated Depreciation	(8,216,015)	(93,282,941)	-	(29,702,365)	(627,672,333)	(45,858,491)	(33,448,259)	(1,882,150)	(10,669,415)	(13,472,950)	(22,007,418)	(16,334,008)	(688,569)	(903,234,913)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net book value	84,933,985	318,006,668	393,970,000	181,353,344	450,256,178	33,619,110	23,986,549	921,272	3,846,448	4,377,265	130,061,323	443,342	1,889,617	1,627,665,102
Depreciation rate - per annum (%)		2.5	-	2.5	2.5	2.5	2.5	20	10	10	2.5	20	2.5	

	Note	2018 Rupees	2017 Rupees
5.2 Depreciation charge has been allocated as follows;			
Cost of goods manufactured		**30,557,718**	31,306,680
Administrative expenses		**1,270,192**	1,484,390
		31,827,910	32,791,070

5.3 Leased assets include plant and machinery at net book value of Rs. 29.013 million (2017: Rs. 29.757 million), which have not been transferred to owned assets due to non-availability of relevant documents. Lease liability in respect of these assets has been fully repaid but due to litigations with financial institutions as detailed in note 29.1.1, lessors have not issued relevant supporting documents for transfer of the ownership of these assets.

5.4 The Company has revalued its leasehold land, freehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment on June 30, 2012. Had the property, plant and equipment been recognised under the cost model, the carrying amount of each revalued class of property, plant and equipment would have been as follows:

	Note	2018 Rupees	2017 Rupees
Owned			
Leasehold land		**1,406,085**	1,428,403
Buildings on leasehold land		**30,346,690**	31,124,810
Freehold land		**32,683,561**	32,683,561
Buildings on freehold land		**90,263,972**	92,578,433
Plant and machinery		**383,723,080**	393,562,133
Electric installations		**24,615,846**	25,247,022
Mill's equipment		**15,635,092**	16,035,992
Leased			
Plant and machinery		**69,142,769**	70,915,661
Electric installations		**456,965**	468,682
		648,274,060	664,044,697

6 LONG-TERM INVESTMENTS

	Note	2018 Rupees	2017 Rupees
In Associated Companies			
Quoted			
Gulistan Spinning Mills Limited	6.1	-	-
		-	-

6.1 Gulistan Spinning Mills Limited (GTSM)		
202,777 (2017: 202,777) ordinary shares of Rs 10 each - **cost**	**2,346,250**	2,346,250
Equity held 1.39% (2017: 1.39%)		
Share of post acquisition losses	**(14,452,640)**	(14,452,640)
Share of item directly credited in the equity of associated company	**374,407**	374,407
Share of surplus on revaluation of fixed assets	**11,731,983**	11,731,983
	-	-

GTSM is an associated company of the Company based on common directorship. Still this relationship holds.

6.1.1 Summarised financial information of the investee company as at June 30, 2018 based on unaudited financial statements is as follows:

	2018	2017
	Rupees in '000	
Total assets	934,055	989,985
Total liabilities	2,036,502	2,028,008
Revenues	-	11,700
Loss after taxation	31,821	32,773

The market value of investment as at June 30, 2018 was nil (2017: nil).

	Note	2018 Rupees	2017 Rupees
7 LONG-TERM DEPOSITS			
Security deposits		3,534,361	3,534,361
Lease deposits		3,543,198	3,543,198
		7,077,559	7,077,559
Less: transferred to current assets - deposits pertaining to over due portion of lease liabilities		(3,543,198)	(3,543,198)
		3,534,361	3,534,361
8 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		2,445,851	2,445,851
Spare parts		12,363,746	12,363,746
Loose tools		174,190	174,190
		14,983,787	14,983,787
Less: provision for obsolete stores		(8,690,596)	(6,592,866)
		6,293,191	8,390,921
9 STOCK-IN-TRADE			
Raw materials	9.1	83,030,035	99,490,847
Packing material		2,465,606	2,866,984
Finished goods	9.2	15,435,081	20,580,108
Waste		4,928,371	4,928,371
		105,859,093	127,866,310
Less: provision for obsolete stocks		(39,837,444)	(39,837,444)
		66,021,649	88,028,866

9.1 Raw materials include items costing Rs. 99.506 million (2017: Rs. 99.506 million) stated at their replacement cost aggregating Rs. 49.382 million (2017: Rs. 65.843 million). The amount charged to the profit and loss account for the year in respect of raw materials written down to their replacement cost was Rs. 16.461 million (2017: Rs. nil).

9.2 Finished goods include items costing Rs. 43.558 million (2017: Rs. 43.558 million) stated at their net realisable values aggregating Rs. 15.435 million (2017: Rs. 20.580 million). The amount charged to the profit and loss account for the year in respect of stocks written down to their net realisable values is Rs. 5.145 million (2017: Rs. 4.928 million).

9.3 All of the current assets of the Company are under banks' charge as security of short-term borrowings (note 27). The Company filed a global suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before Banking Court, High Court of Sindh and Lahore High Court for recovery of their financial liabilities through attachment and sale of Company's hypothecated/mortgaged/charged stocks and properties as fully explained in note 29.1.1.

	Note	2018 Rupees	2017 Rupees
10 TRADE DEBTS			
Considered good			
Local - unsecured		8,997,093	17,355,889
Considered doubtful		241,321,191	250,299,191
		250,318,284	267,655,080
Provision for doubtful debts	10.1	(241,321,191)	(250,299,191)
		8,997,093	17,355,889

10.1 This includes Rs. 236.00 million as discounted foreign bills pertaining to previous years, receivable from a foreign debtor and discounted by a commercial bank outstanding at year end. The said amount is considered doubtful by the Company at the year end. (note 27.1)

	Note	2018 Rupees	2017 Rupees
Movement in provision for doubtful debts			
Balance at beginning of the year		250,299,191	260,339,191
Less: reversal during the year		(8,978,000)	(10,040,000)
Balance at end of the year		241,321,191	250,299,191
11 LOANS AND ADVANCES - unsecured and considered good			
Advances to / against:			
- non-executive staff		102,370	102,370
- suppliers		911,014	911,014
- expenses	11.1	1,717,201	1,249,599
		2,730,585	2,262,983
Advance income tax		11,838,300	11,827,626
		14,568,885	14,090,609

11.1 This includes advance to Gulistan Spinning Mills Limited, a related company, receivable under normal course of business.

	Note	2018 Rupees	2017 Rupees
12 SHORT-TERM DEPOSITS			
Current portion of lease deposits	7	3,543,198	3,543,198
13 ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on;			
- term deposit receipts		411,128	411,128
- receivable from banks		277,890	277,890
		689,018	689,018
14 SHORT-TERM INVESTMENT			
- At fair value through profit or loss			
Gulistan Textile Mills Limited			
1,648,740 (2017: 1,648,740) ordinary shares of Rs. 10 each		-	-
Equity held 8.68% (2017: 8.68%)			

The market value of investment in Gulistan Textile Mills Limited (GTML) as at the year end is not available as trading in shares of the investee company has been suspended on the stock exchanges for the time being. The management has charged impairment on the said investment due to operational and financial difficulties casting significant threat on the ability of GTML to continue as a going concern.

	Note	2018 Rupees	2017 Rupees
15 OTHER RECEIVABLES - unsecured and considered good			
Export rebate		**41,337,762**	41,337,762
Duty drawback	15.1	**41,734,276**	41,734,276
Insurance claims receivable		**233,810**	233,810
Sales tax		**15,817,767**	20,650,161
		99,123,615	103,956,009

15.1 Duty drawback is receivable from various banks on exports made in previous financial years starting from the year 2009. The current status of the receivables is not clear due to on-going litigations with these banks as detailed in note 29.1.1 to the financial statements.

	Note	2018 Rupees	2017 Rupees
16 BANK BALANCES			
Balances with banks in;			
- current accounts	16.1	**3,761,690**	6,375,370
- deposit accounts	16.1& 16.2	**109,207**	109,207
- term deposit receipts	16.1& 16.3	**2,949,465**	2,949,465
		6,820,362	9,434,041

16.1 Majority of the Company's bank accounts operations have been blocked by the respective banks due to on-going litigations with these banks as detailed in note 29.1.1 to these financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended June 30, 2018 from various banks having balances aggregating to Rs. 3.711 million (2017: Rs. 3.736 million) were not available to ensure balances held with these banks. Further, year end balance confirmation of banks having balances aggregating to Rs. 6.601 million (2017: Rs. 6.431 million) have also not been received due to litigation.

16.2 Deposit accounts carry mark-up at rates ranging from 2% to 5% (2017: 2% to 5%) per annum.

16.3 Term deposit receipts (TDRs) carry mark-up at rates ranging from 3.87% to 6.05% (2017: 3.87% to 6.05%) per annum. One of the TDRs is under lien with a bank against guarantee amounting Rs. 0.068 million (2017: Rs. 0.068 million).

17 SHARE CAPITAL

June 2018 Numbers	June 2017 Numbers		June 2018 Rupees	June 2017 Rupees
		Authorized share capital		
25,000,000	25,000,000	Ordinary shares of Rs.10 each	**250,000,000**	250,000,000
		Issued, subscribed and paid-up capital		
2,700,000	2,700,000	Ordinary shares of Rs.10 each issued as fully paid in cash	**27,000,000**	27,000,000
14,652,329	14,652,329	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**146,523,290**	146,523,290
17,352,329	17,352,329		**173,523,290**	173,523,290

17.1 Ordinary shares held by the related parties at the year end:	2018 Numbers	2017 Numbers
Gulistan Fibres Limited	1,499,776	1,499,776

	Note	2018 Rupees	2017 Rupees
18 RESERVES			
Capital reserve			
Share premium		**15,400,000**	15,400,000
Revenue reserve			
General reserve		**460,000,000**	460,000,000
		475,400,000	475,400,000
19 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS			
Surplus arisen on revaluation of:			
- Company's operating fixed assets	19.1	**898,296,183**	908,108,081
- fixed assets of Associated Companies		**11,731,983**	11,731,983
		910,028,166	919,840,064
19.1 Surplus on revaluation of Company's assets			
Balance at beginning of the year		**1,005,690,538**	1,019,864,460
Less: transferred to unappropriated profits on account of incremental depreciation for the year		**(13,819,575)**	(14,173,922)
		991,870,963	1,005,690,538
Less: related deferred tax:			
- balance at the beginning of the year		**97,582,457**	101,834,634
- on incremental depreciation for the year		**(4,007,677)**	(4,252,177)
		93,574,780	97,582,457
Balance at end of the year		**898,296,183**	908,108,081

The Company had revalued its freehold land, leasehold land, buildings on leasehold and freehold land, plant and machinery, electric installations and mill's equipment as on June 30, 2012. The revaluation exercise was carried-out by an independent valuer - Maricon Consultants (Private) Limited, Engineers, Authorized Valuers of the Pakistan Banking Association and the Leasing Association of Pakistan, Beaumont Road, Karachi. Land has been revalued on the basis of current market value whereas buildings, plant and machinery, electrical installations and mills equipment have been revalued on the basis of depreciated replacement values. The net appraisal surplus arisen on this revaluation aggregating Rs. 1,736.099 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

	2018 Rupees	2017 Rupees
20 SUB-ORDINATED LOAN - unsecured		
Sub-ordinated loan	**175,000,000**	175,000,000

This is an interest-free loan obtained from the ex-chief executive and an ex-director of the Company in previous years. This loan is sub-ordinated to the finances provided by secured creditors and does not carry mark-up. The loan shall not be repaid without obtaining consent from the secured creditors. During the year ended June 30, 2015, this loan has been reclassified in equity as per technical release (TR-32) of the Institute of Chartered Accountants of Pakistan (ICAP).

	Note	2018 Rupees	2017 Rupees
21 LONG-TERM FINANCING			
From banking companies - secured			
- NIB Bank Limited	21.1	-	-
- United Bank Limited	21.2	-	-
- The Bank of Punjab	21.3	-	-
From an associated company - unsecured			
- Gulistan Fibres Limited	21.6	-	-
		-	-

21.1 NIB Bank Limited

	2018 Rupees	2017 Rupees
Balance at beginning of the year	26,958,913	26,958,913
Less: current portion:		
- over due instalments	(26,958,913)	(26,958,913)
	-	-

The facility sanctioned was Rs. 110.00 million. This finance was obtained to establish a stitching unit. It is secured against first pari passu charge by way of mortgage of title deeds of immovable properties of the Company. This finance was obtained under State Bank of Pakistan's (SBP) Long-Term Export Refinance Scheme and carried a fixed rate of mark-up at SBP's defined rate plus 1.1% per annum. Originally this term finance was repayable in 12 half yearly instalments after one and half year from the date of disbursement i.e. February 15, 2005, however, due to litigations stated in note 21.4, the Company has not made any payments.

	Note	2018 Rupees	2017 Rupees
21.2 United Bank Limited			
Balance at beginning of the year		150,000,000	150,000,000
Less: current portion;			
- over due instalments		(150,000,000)	(150,000,000)
		-	-

The Company had obtained Non-Interest Demand Finance (NIDF) from United Bank Limited amounting to Rs. 200.00 million under mark-up arrangement. It is secured against mortgage charge of Rs. 102.00 million and ranking charge of Rs. 178.00 million over land, building and plant and machinery of the Company situated at Kotri. This finance carried mark-up at the rate of 3 months KIBOR plus 2.00% per annum. Originally this finance was repayable in twenty equal quarterly instalments commenced from May 03, 2011, however, due to factors stated in note 21.5 below the whole amount has been grouped in current liabilities.

	Note	2018 Rupees	2017 Rupees
21.3 The Bank of Punjab			
Balance at beginning of the year		56,236,305	56,236,305
Less: current portion:			
- over due instalments		(56,236,305)	(56,236,305)
		-	-

The Company had arranged loan for expansion of stitching unit from the Bank of Punjab. This finance carried mark-up at SBP refinance rate plus 2.5% per annum and is secured by way of specific charge of Rs. 80.00 million over plant and machinery imported through this finance. Originally this finance was repayable within five years from the date of disbursement in 16 quarterly instalments commenced from September 29, 2012, however, due to factors stated in note 21.5 below the whole amount has been grouped in current liabilities.

21.4 The Company filed a suit in the Honourable Lahore High Court against all banks/financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, for rendition of accounts and damages, and lending banks have also filed suits before different High Courts for recovery of their long-term and short-term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 29.1.1. Due to these litigations, year-end confirmations from all lenders have not been received.

21.5 Due to the above mentioned litigations, the Company's financial arrangements with these banking companies are disputed and these liabilities have become payable on demand, so instalments due after the year ending June 30, 2017, have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statement Presentation'.

		Note	2018 Rupees	2017 Rupees
21.6	**Gulistan Fibres Limited - unsecured**			
	Balance at beginning of the year		**138,890,639**	142,020,639
	Less: payments made during the year		**725,000**	3,130,000
	Less: current portion:			
	- over due instalments		**138,165,639**	138,890,639
			-	-

This loan has been created in accordance with the settlement agreement and agreement to sell dated December 30, 2013 executed between Silk Bank Limited (the Lender), Gulshan Spinning Mills Limited (an Associated Company), Gulistan Spinning Mills Limited (an Associated Company), Gulistan Fibres Limited (an Associated Company) and the Company. As per these agreements, short-term borrowings and outstanding bills payables aggregating Rs.150.00 million of the Company have been adjusted by the Lender against mortgaged property of the Gulistan Fibres Limited, under the debt-property swap arrangement. Accordingly, the Company has booked this loan as payable to Gulistan Fibres Limited by adjusting its short-term borrowings (note 27) and bills payable (note 25).

This loan is unsecured and repayable within period of two years from the date of creation i.e. April 18, 2014. This loan carries mark-up at the half percent above the borrowing cost of the lending company and effective rate charged during the previous year was at 9.11%. The said loan is classified as short-term on account of non-payment with the agreed period of time due to non-availability of funds and the Company did not charge interest on the same as well.

		2018 Rupees	2017 Rupees
22	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE** - secured		
	Balance at beginning of the year	**23,478,956**	23,478,956
	Less: current portion:		
	- over due instalments	**(23,478,956)**	(23,478,956)
		-	-

22.1 The Company had acquired plant and machinery, electric installations and vehicles under finance lease arrangements from leasing companies, modaraba and banks. These liabilities, during the year, were subject to finance cost at the rates ranging from 12.5% to 14.67% (2017: 12.5% to 14.67%) per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. The lease finance facilities are secured against title of the leased assets in the name of lessors.

22.2 The Company filed a suit in the Honourable Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, for rendition of accounts and damages. Further, various lessors have also filed suits before banking court and the Honourable High Court of Sindh for recovery of lease finance through attachment and sale of charged properties as fully disclosed in note 29.1.1. Due to these litigations, year-end confirmations from all lessors have not been received.

22.3 Due to the above mentioned litigations, the Company's lease finance arrangements with lessors are disputed and these liabilities have become payable on demand, so instalments due have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Financial Statement Presentation'.

22.4 Due to the facts explained in notes 22.2 and 22.3 above, the entire amounts of the lease finances have become payable on demand, therefore, the amount of future finance cost is not ascertainable as at June 30, 2018 and June 30, 2017. The disclosures of future minimum lease payments is prepared according to existing repayment schedules and provided only to comply with the disclosure requirement of IAS - 17 'Leases'. According to the existing repayment schedules, the future minimum lease payments under these lease finance agreements are due as follows;

	June 30, 2018			June 30, 2017		
	Minimum lease payments	**Finance cost**	**Present value of minimum lease payments**	Minimum lease payments	Finance cost	Present value of minimum lease payments
	Rupees					
Over due portion	**26,882,657**	**3,403,701**	**23,478,956**	26,882,657	3,403,701	23,478,956
Not later than one year	**-**	**-**	**-**	-	-	-
Minimum lease payments	**26,882,657**	**3,403,701**	**23,478,956**	26,882,657	3,403,701	23,478,956

	2018 Rupees	2017 Rupees
23 STAFF RETIREMENT BENEFITS - GRATUITY		
Staff retirement benefits - gratuity	**834,762**	998,259

The Company's obligation, as per the assumptions given in the latest actuarial valuation disclosed in annual report of the Company for the year ended June 30, 2014 in respect of defined benefit gratuity plan is as follows;

	Note	2018 Rupees	2017 Rupees
23.1 The amount recognised in the balance sheet			
Net liability at beginning of the year		**998,259**	3,686,026
Add: charge to profit and loss account	23.3	**26,503**	99,959
Less: benefits paid		**(190,000)**	(80,000)
Less: gratuity due but not paid		**-**	(2,707,726)
Net liability at end of the year	23.2	**834,762**	998,259
23.2 Movement in the present value of defined benefit obligation			
Balance at beginning of the year		**998,259**	3,686,026
Current service cost		**26,503**	99,959
Benefits due but not paid		**-**	(2,707,726)
Benefits paid		**(190,000)**	(80,000)
Balance at end of the year		**834,762**	998,259
23.3 Expense recognised in profit and loss account			
Current service cost		**26,503**	99,959

		2018	2017
23.4	**Actuarial assumptions used**		
	Discount rate	**13.25%**	13.25%
	Expected rate of growth per annum in future salaries	**12.25%**	12.25%
	Average expected remaining working life time of employees	**6 years**	6 years
	Mortality rates (for death in service)	**SLIC 2001-2005**	SLIC 2001-2005

23.5 The weighted average duration of the scheme is 6 years.

23.6 The methods and types of assumptions, used in preparing the sensitivity analysis did not change compared to the previous year.

23.7 The calculation of defined benefit obligation is sensitive to assumptions set-out above by changing an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. The management has used the same assumptions as given in the actuarial report pertaining to year ended June 30, 2014 including the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period), however, the management of the Company has not hired an actuary to carry out evaluation of its defined benefit obligation for this reporting year. Therefore, sensitivity analysis for the assumptions and expected maturity analysis of undiscounted retirement benefit plan, has not been provided.

	2018 Rupees	2017 Rupees
24 DEFERRED TAXATION - net		
The liability for deferred taxation comprises of temporary differences relating to:		
- accelerated tax depreciation allowance	**142,339,262**	149,075,991
- surplus on revaluation of operating fixed assets	**93,574,780**	97,582,457
- lease finances	**13,375,026**	14,371,616
- staff retirement benefits - gratuity	**(242,081)**	(299,478)
- stock-in-trade	**(32,931,607)**	(25,944,699)
- stores, spare and loose tools	**(2,520,273)**	(1,977,860)
- provision for doubtful debts	**(69,983,145)**	(75,089,757)
	143,611,962	157,718,270

Deferred Tax asset in respect of the unused tax losses amounting Rs. 281.276 million (2017: Rs. 281.276 million) has not been recognised in these financial statements, being prudent. The management of the Company is of view that recognition of deferred tax asset will be reassessed as at June 30, 2019.

	Note	**2018 Rupees**	2017 Rupees
25 TRADE AND OTHER PAYABLES			
Creditors for suppliers	25.1	**100,682,632**	107,299,202
Creditors for expenses		**57,561,437**	57,883,437
Bills payable / letters of credit payable	25.2	**623,571,213**	623,571,213
Staff retirement benefits due but not paid		**21,203,030**	23,926,041
Accrued expenses		**6,478,879**	6,543,929
Unclaimed dividend		**1,118,836**	1,118,836
		810,616,027	820,342,658

		2018	2017
25.1	**These include following amounts, which pertain to related parties:**		
	Gulshan Spinning Mills Limited	**883,262**	1,992,457
	Gulistan Power Generations Limited	**34,466,581**	34,466,581
		35,349,843	36,459,038

25.2 This represents overdue bills payable/letters of credit payable to various financial institutions in respect of letters of credit (LCs) issued by the financial institutions in favour of various local and imported raw material suppliers. The Company is in litigation with banks and financial institutions as detailed in note 29.1.1, so current status and balance confirmation of these bills payable could not be ascertained due to non-availability of relevant documents. Further, no provision of any further commission/interest/mark-up or penalty in respect of overdue LCs has been made in the financial statements. Amount of the un-provided commission/interest/mark-up or penalty is impracticable to determine as at the reporting date.

	Note	2018 Rupees	2017 Rupees
26 ACCRUED MARK-UP / INTEREST			
Mark-up / interest accrued on:			
- long-term finances	26.1	31,868,797	31,868,797
- loan from ex-related party	26.2	3,828,768	4,433,990
		35,697,565	36,302,787

26.1 This amount represents mark-up payable to Gulistan Fibres Limited, an Associated Company, on long-term loan as per note 21.6.

26.2 This amount represents mark-up payable to Premier (Private) Limited, which ceases to be a related party during the previous reporting financial year.

26.3 During the year ended June 30, 2018, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 20.130 million, Rs. 2.042 million and Rs. 128.135 million respectively (2017: Rs. 19.913 million, Rs. 2.079 million and Rs. 126.725 million respectively) due to pending litigations with the financial institutions. Moreover, the Company has not provided for the cost of the funds decreed by various courts against the Company in case of various litigations as detailed in subnotes of note 29. Further, as detailed in note 1.3, the management is in the process of finalisation of restructuring of its debts and as per indicative restructuring term-sheet total accrued and outstanding mark-up due/payable till June 30, 2018 will be repaid on quarterly basis over a period of 2 years immediately after the completion of repayment term of principal i.e. 8 years. Un-provided mark-up / interest up to the balance sheet date is aggregated Rs. 1,100.640 million (2017: Rs. 950.325 million). This non-provisioning is in contravention with the requirements of IAS 23 - Borrowing Costs. The exact amount of un-provided mark-up / interest could not be ascertained because of non-availability of relevant information and documents due to on-going litigations with banks and financial institutions.

	Note	2018 Rupees	2017 Rupees
27 SHORT-TERM BORROWINGS			
Short-term finances - secured	27.1 & 27.3	1,411,965,395	1,411,965,394
Running finances - secured	27.2 & 27.3	315,343,109	315,343,108
Loan - unsecured	27.4	-	662,236
Interest-free loans from other parties - unsecured	27.5	414,277,060	423,907,026
Temporary bank overdraft - unsecured	27.7	4,551,328	5,513,463
		2,146,136,892	2,157,391,227

27.1 This includes Rs. 236.00 million as discounted foreign bills pertaining to previous years, receivable from foreign debtors and discounted by a commercial bank, outstanding at year end. The said discounted foreign bills have also been recognised by the Company as doubtful outstanding trade debts (note 10.1).

27.2 This represents aggregate amount of running finances / working capital finances obtained from various banks / financial institutions against expired facilities. These finance facilities are secured by way of ranking / hypothecation / floating charge over present and future current assets, pari passu charge over present and future fixed assets, charge over raw cotton and cotton yarn, lien on export letters of credit / sales contracts / documents, trust receipts and personal guarantees of sponsor directors.

27.3 The above mentioned balances are against expired finance facilities and have not been renewed by the respective banks / financial institutions. These banks and financial institutions have filed suits before different Civil Courts, Banking Courts and High Courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The Company had also filed a suit in the Honourable Lahore High Court for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs as more fully detailed in note 29.1.1.

27.4 The Company has obtained a short-term finance facility to the limit of Rs. 100.00 million from Premier (Private) Limited, a company that ceased to be a related party during the previous years, to finance working capital requirements of the Company. This loan is unsecured and carries mark-up at the rate of 9.5% (2017: 9.5%) per annum.

	2018 Rupees	2017 Rupees
27.5 Interest free loans from other parties - unsecured		
Balance at beginning of the year	**423,907,026**	349,725,446
Add: funds received during the year	**16,353,572**	86,499,953
Less: adjustments / repayments made during the year	**(25,983,538)**	(12,318,373)
	414,277,060	423,907,026

These loans were advanced by Spouse of the ex-Chief Executive and his other relatives in order to meet working capital requirements. However, these parties ceased to be related parties of the Company in accordance with IAS 24, because of retirement of ex-Chief Executive during the previous year. The repayment terms have not yet been finalized by the parties.

27.6 Year end balance confirmations aggregating Rs. 1,727.30 million (2017: Rs. 1,727.30 million) of the lending banks/financial institutions have not been received due to above-mentioned litigation with them. Further, due to these litigations, bank statements for current financial year from all banks/financial institutions were also not available to ensure year end balances of these finance facilities.

27.7 These have arisen due to issuance of cheques in excess of balance at bank accounts.

	Note	**2018 Rupees**	2017 Rupees
28 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long-term finances:			
- NIB Bank Limited	21.1	**26,958,913**	26,958,913
- United Bank Limited	21.2	**150,000,000**	150,000,000
- The Bank of Punjab	21.3	**56,236,305**	56,236,305
- Gulistan Fibres Limited	21.6	**138,165,639**	138,890,639
Liabilities against assets subject to finance lease	22	**23,478,956**	23,478,956
		394,839,813	395,564,813

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Liabilities towards banks and financial institutions disclosed in note 21, 22, 25.2, 26, 27 and 28

(a) Various banks and financial institutions have filed recovery suits before Banking Court - Karachi, the Honourable High Court of Sindh and the Honourable Lahore High Court for recovery of their long-term and short-term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 3,004.96 million (2017: Rs. 3,004.96 million).

The management is strongly contesting the above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. In case of any adverse decision, the management of the Company moves to upper court for relief/appeal/review. Since, all the cases are pending before various Courts, therefore, the ultimate outcome of these cases can not be established to the dates of these financial statements. Among all the case referred above, the most notables cases by or against the Company are explained in the following sub-notes.

(b) The Company filed a global suit in the Honourable Lahore High Court against all banks / financial institutions under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, ("the Ordinance") for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The Lahore High Court (LHC) vide its interim order dated October 25, 2012, ordered not to disturb the present position of current assets and fixed assets of the Company and no coercive action shall be taken against the Company. The Lahore High Court through its order dated September 11, 2013, dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned order. The Divisional Bench passed an order, dated November 27, 2013, that respondent banks will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013, will remain suspended meanwhile.

However, the Company along with its restructuring agent (a leading bank) and a few other lending banks, had proposed an indicative term-sheet to its lending financial institutions on June 28, 2013, in order to restructure the outstanding debt obligations of the Company. The proposed term-sheet is still in the process of finalization. Once finalized, it will be signed by all parties and legal documentation will be executed to restructure outstanding debts of the Company. The management expects that entire process will be completed in due course of time and these recovery suits will be settled accordingly.

29.1.2 The Company has not provided for Rs.3.00 million in respect of infrastructure cess levied by the Government of Sindh. The case was decided against the Company by a single judge of the Honourable High Court of Sindh. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed.

The Honourable High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006, was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Honourable Supreme Court of Pakistan against the above-mentioned judgement of the Honourable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them.

The above appeals were disposed-off in May 2011, with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Honourable Supreme Court of Pakistan with the right to appeal. Accordingly, the petition was filed in the Honourable High Court of Sindh in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared up to December 27, 2006, were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006, while payment was made against the balance amount.

As at June 30, 2018, the Company has provided bank guarantees aggregating Rs. 7.216 million (2017: Rs. 7.216 million) in favour of Excise and Taxation Department. The bank guarantees given by various banks on behalf of the Company to various parties remain intact with the respective banks.

29.1.3 The Deputy Collector of Customs, in pursuance of judgement of the Honourable Supreme Court of Pakistan dated August 29, 2012, has raised the demand of Rs. 134.197 million in respect of customs duty along with penalty thereon under section 83A read with 202A of the Custom Act, 1969, for installing textile machinery.

The Company had strong reservations on the calculation of above-mentioned amount and is of the view that this amount has not been calculated in light of afore-mentioned judgement. Therefore, the Company approached the Deputy Collector of Customs, Additional Collector of Customs, Collector of Customs and Chief Collector of Customs. The Company has a stance that total demand as per the afore-mentioned judgement works out to Rs. 17.555 million and the same has been paid by the Company to Deputy Collector of Customs on September 20, 2012.

The management filed a civil review petition against the above-mentioned judgement of the Court and a bench of three judges of the Supreme Court of Pakistan has issued notices to the respondents. In the mean time, it was also ordered that no coercive measure may be taken against the petitioners.

After dismissal of the review petition vide order dated July 13, 2017, against the judgment of the Supreme Court of Pakistan dated August 29, 2012, the Collectorate of Customs Appraisement-West, vide their Notice dated July 18, 2018, has raised a demand of Rs. 222.650 million.

The company vide its reply dated July 24, 2018, has submitted that the method of calculation of surcharge was not in accordance with the provisions of section 83-A and 202-A of the Customs Act. Similarly, it was also emphasized that the calculation was made in violation of the Supreme Court Order dated August 29, 2012, by calculating the difference of duty on the basis of difference in exchange rate of Swiss Frank instead of US Dollar and charging surcharge on surcharge. The company has also made a representation to the Chief Collector Customs Appraisement-West vide its letter dated August 16, 2018, wherein the basis of calculation by the customs department has again been challenged. The Company is hopeful that the said representation shall be accepted by the customs department.

29.1.4 Counter guarantees of Rs. 9.067 million (2017: Rs. 9.067 million) were given by the Company to various banks/financial institutions as at June 30, 2018, in respect of guarantees issued in favour of various Government Departments / Institutions.

29.1.5 "First Treet Manufacturing Modaraba has filed suit J.Misc. No. 02 of 2015 for winding-up of the Company. The said petition was disposed of by the Honourable High Court of Sindh, through its order dated April 18, 2017, since the parties have resolved the dispute amicably in an out-of-court settlement agreement dated February 28, 2016, executed at Lahore. All the parties to this agreement settled that outstanding amount will be paid in monthly instalments till the entire payment is made.

29.1.6 The Company has filed a writ petition No. 2979 of 2010, against the levy of regulatory duty on export of yarn of Rs. 5.199 million. The Honourable High Court of Islamabad through its judgement dated July 22, 2013, partially accepted the petition of the Company. The Company has filed Intra Court Appeal No. 957/2013 against the impugned judgement and the Honourable High Court of Islamabad through its order dated August 20, 2013, suspended the impugned judgement. The Case is still sub-judice, wherein the stay order passed in favour of the Company vide order dated August 20, 2013, is still intact.

29.1.7 MCB Bank Limited (MCB) filed a suit bearing no. B-70/2013 for recovery of Rs. 56.274 million on May 30, 2013 against the Company. The MCB Bank Limited also filed a miscellaneous application under section 16 of the Financial Institutions (Recovery of Finances) Ordinance, 2001, ("the Ordinance"), for the auction of 3,477 cotton bales vide CMA No. 661/2014, which was decided vide order dated February 25, 2014.Askari Bank Limited, and Bank Al Falah Limited filed intervener applications. The Honourable High Court of Sindh ordered to auction the said cotton bales. The Company challenged the order dated February vide HCA no. 63/2014, wherein the Division Bench of the Honourable High Court of Sindh granted a stay order. However, the said high court appeal was dismissed due to non-prosecution (the counsel for the Company was elevated to the bench and due to this reason no one appeared on behalf of the Company when the case was dismissed for non-prosecution). The said impugned order was challenged before the Honourable Supreme Court of Pakistan and the same was dismissed. Therefore the order dated February 25, 2014, attained finality. However the order states that the "...sale proceeds may be kept with the Nazir of this Court, who may invest the same in the profit bearing scheme for the benefit of beneficiary till the end of litigation". The cotton bales have yet not been auctioned and the PLA filed by the Company has yet not been decided.

29.1.8 Askari Bank Limited had instituted a suit against Paramount Spinning Mills Limited (PSM) and others for recovery of Rs. 145,179,853/- bearing no. C.O.S. No. 23/13 under section 9 of the Financial Institution (Recovery of Finances) Ordinance 2001 before the Honourable Lahore High Court. The Suit was decreed against the Company vide judgement dated December 31, 2015, in the sum of Rs. 145,179,853/- together with costs of the suit. The Company had also instituted an appeal bearing no. 488/16 before the Division Bench of Lahore High Court, which is pending for adjudication.

29.1.9 First Habib Modarba had instituted a suit against the Company and others for recovery of Rs. 1,126,562/- bearing M-Suit no. 10/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, ("the Suit") before the Banking Court No. I, Karachi. The Suit was decreed against PSM vide judgement dated March 9, 2015, in the sum of Rs. 1,104,562/- with costs of the suit and cost of funds at the latest prescribed rate by the State Bank of Pakistan from the date of the default till realization. No appeal has so far been filed by the Company against the said judgement dated March 9, 2015. The management has not recognised the impact of the said decree in these financial statements.

29.1.10 Faysal Bank Limited had instituted a suit against the Company for recovery of Rs. 40,906,509.58/- bearing Suit no. 26/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, before the honourable Banking Court No. IV, Karachi. This suit was decreed ex-parte against the Company vide judgement dated August 27, 2015, to the extent of the sum of Rs. 40,906,509.58/- being principal alongwith cost of funds from the date of the default till the realization of the outstanding amount at the rate as determined by the State Bank of Pakistan. The mark-up amounting to Rs. 1,822,345.62/- as claimed by the Plaintiff Bank was not allowed by the learned judge as the Plaintiff Bank had not been able to establish it. The appeal has been filed by the Company against the said judgement for setting aside ex-parte decree which is pending before the Banking Court, Karachi.

29.1.11 Habib Bank Limited (previously First Habib Bank Modarba) had instituted a suit against the Company for recovery of Rs. 810,733/- bearing Suit no. 04/14 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, before the Banking Court No. I, Karachi. The Suit was decreed against the Company ex-parte vide judgement dated April 21,2016, and it was held that the Plaintiff Bank is entitled to outstanding overdue rentals in the sum of Rs. 740,903/- with cost of funds at the latest prescribed rate by the State Bank of Pakistan from the date of expiry of the agreement till realization. The costs of the suit were also awarded by the learned judge. No appeal has so far been filed by the Company against the said judgement dated April 21, 2016.

29.1.12 Bank of Punjab instituted a suit against the Company and others for recovery of Rs. 670,173,867/- bearing C.O.S. No. 52/2013 under section 9 of the Financial Institution (Recovery of Finances) Ordinance, 2001, ("the Suit") before the Honourable Lahore High Court, Lahore. The Suit was partially decreed against the Company and its associated companies vide judgement dated October 26, 2017, to the sum of Rs. 398,743,100/-. However, the Court granted leave to defend in respect to the LC facility for an amount of Rs. 248,345,156/-. No appeal has so far been filed by the Company against the judgement partially decreed against the Company neither the management has adjusted these financial statements in light of the said Suit due to stay granted by the Honourable Lahore High Court as stated in noted 29.1.1(b).

29.2 Commitments

There is no capital commitment as at June 30, 2018 and June 30, 2017.

	Note	**2018 Rupees**	2017 Rupees
30 SALES - net		-	-
31 COST OF SALES			
Stocks at beginning of the year (finished goods and waste)		**20,580,108**	25,508,479
Cost of goods manufactured	**31.1**	**51,304,571**	40,108,294
		71,884,679	65,616,773
Stocks at end of the year (finished goods and waste)	**9**	**(15,435,081)**	(20,580,108)
		56,449,598	45,036,665
31.1 Cost of goods manufactured			
Raw materials written down	**31.2**	**16,460,812**	-
Stores provided for		**2,097,730**	2,097,731
Packing materials written down		**401,378**	401,378
Salaries and other benefits		**1,126,664**	4,750,118
Fuel and power		**600,000**	1,197,104
Repair and maintenance		-	162,000
Depreciation	**5.2**	**30,557,717**	31,306,680
Conveyance, travelling and entertainment		-	17,650
Vehicle running and maintenance		-	10,564
Postage and telephone		-	1,826
Rent, rate and taxes		**46,706**	61,609
Other manufacturing expenses		**13,564**	101,634
		51,304,571	40,108,294
31.2 Raw materials written down			
Stocks at beginning of the year		**99,490,847**	99,490,847
Stocks at end of the year		**(83,030,035)**	(99,490,847)
		16,460,812	-

	Note	2018 Rupees	2017 Rupees
32 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	32.1	326,503	9,650,560
Fees and subscription		115,061	186,626
Conveyance, traveling and entertainment		1,050	2,569,673
Vehicle running and maintenance		-	944,981
Repair and maintenance		10,000	54,423
Printing and stationery		56,961	40,500
Auditors' remuneration	32.2	254,250	266,000
Postage, telegram and telephone		40,024	109,753
Legal and professional expenses		737,500	2,625,000
Depreciation	5.2	1,270,192	1,484,390
		2,811,541	17,931,906

32.1 Salaries and other benefits include Rs. 0.026 million (2017: Rs. 0.099 million) in respect of staff retirement benefit - gratuity.

	Note	2018 Rupees	2017 Rupees
32.2 Auditors' remuneration			
Audit fee		240,000	240,000
Compliance report of Code of Corporate Governance		10,000	10,000
Out of pocket expenses		4,250	16,000
		254,250	266,000
33 OTHER OPERATING INCOME			
Income from financial assets			
Interest on;			
- deposit accounts		14,092	52,942
Reversal of bad debts		8,978,000	10,040,000
Income from non-financial assets			
Gain on disposal of fixed assets		1,387,195	-
		10,379,287	10,092,942
34 FINANCE COST			
Mark-up / interest on:			
- short-term borrowings	34.1	48,778	739,365
Bank charges		9,541	17,820
		58,319	757,185

34.1 The amount represent mark-up on a short-term loan from Premier (Private) Limited, which ceased to be related party during the previous reporting year.

34.2 During the year ended June 30, 2018, the Company has not provided mark-up / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 20.130 million, Rs. 2.042 million and Rs. 128.135 million respectively (2017: Rs. 19.913 million, Rs. 2.079 million and Rs. 126.725 million respectively) due to pending litigations with the financial institutions as detailed in note 26.3.

	Note	2018 Rupees	2017 Rupees
35 TAXATION			
Current		-	-
Deferred			
Origination and/or (reversal) of temporary difference		**14,106,308**	6,923,088
		14,106,308	6,923,088

No provision for minimum tax due under section 113 of the Income Tax Ordinance, 2001, is incorporated as the Company has nil turnover during the year. Numeric tax rate reconciliation is, therefore, also not required.

	2018	2017
36 LOSS/ EARNINGS PER SHARE		
Loss after taxation - (Rupees)	**(34,833,863)**	(46,709,726)
Weighted average number of ordinary shares outstanding during the year - (Numbers)	**17,352,329**	17,352,329
Loss per share - basic and diluted - (Rupees)	**(2.01)**	(2.69)

There is no dilutive effect on the basic loss per share of the Company.

	Note	2018 Rupees	2017 Rupees
37 CASH GENERATED FROM OPERATIONS			
Loss before taxation		**(48,940,171)**	(53,632,814)
Adjustments for non-cash charges and other items:			
Depreciation		**31,827,910**	32,791,070
Provision for stores, spare parts and loose tools		**2,097,730**	2,097,731
Stock-in-trade write off		**22,007,217**	5,329,749
Provision of gratuity		**26,503**	99,959
Finance cost		**58,319**	757,185
Interest income		**(14,092)**	(52,942)
Provision for doubtful debts		**(8,978,000)**	(10,040,000)
Gain on disposal of fixed assets		**(1,387,195)**	-
Working capital changes	37.1	**14,697,968**	(24,286,209)
		11,396,189	(46,936,271)

	2018	2017
37.1 Working capital changes		
Decrease/(increase) in current assets:		
Trade debts	**17,336,796**	5,066,221
Loan and advances	**(467,602)**	(61,920)
Other receivables	**4,832,394**	1,067,542
	21,701,588	6,071,842
Decrease in trade and other payables	**(7,003,620)**	(30,358,051)
	14,697,968	(24,286,209)

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive 2018	Chief Executive 2017	Executives 2018	Executives 2017
	Rupees			
Managerial remuneration	-	-	300,000	1,032,000
Perquisites	-	-	-	516,000
Retirement benefit	-	-	-	84,000
	-	-	300,000	1,632,000
No. of persons	1	1	1	2

38.1 The executives have been provided with the Company maintained cars.

		2018	2017
39 CAPACITY AND PRODUCTION			
39.1 Spinning unit			
Number of spindles installed		**25,920**	25,920
Installed capacity after conversion into 20's count	Kg.	**8,841,118**	8,841,118

Financial institutions and banks have curtailed and blocked the short-term limits, froze the funds in current accounts to clear mark-up and other dues and attempted to realize their securities. These factors created liquidity crises due to which the Company could not run its operations at normal capacity and due to non-availability of working capital lines and shortage of funds, the Company had closed its yarn spinning unit from July 01,2015.

		2018	2017
39.2 Yarn dyeing unit - note 41.4			
Total number of machines installed		**7**	7
Installed capacity	Kg.	**2,065,170**	2,065,170
39.3 Stitching unit - note 41.4			
Total number of machines installed		**832**	832
Installed capacity	Pc.	**3,211,652**	3,211,652

39.4 Due to non-availability of working capital lines and shortage of funds, the Company had closed its Yarn dyeing unit and Stitching unit from May 31, 2014.

40 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

40.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date, if counter parties fail completely to perform as contracted/fail to discharge an obligation/commitment that it has entered into with the Company.

Credit risk mainly arises from deposits, trade debts, loans and advances, accrued mark-up /interest, short-term investments, other receivables and balances with banks. The carrying amounts of financial assets that represent the Company's maximum credit exposure as at the reporting date are as follows:

	Note	2018 Rupees	2017 Rupees
Deposits		**7,077,559**	7,077,559
Trade debts		**8,997,093**	17,355,889
Loans and advances		**1,013,384**	1,013,384
Accrued mark-up / interest		**689,018**	689,018
Other receivables		**233,810**	233,810
Bank balances		**6,820,362**	9,434,041
		24,831,226	35,803,701

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

	2018 Rupees	2017 Rupees
Domestic	8,997,093	17,355,889
Ageing of trade debts at the reporting date:		
Past due 1-60 days	-	-
Past due 61-150 days	-	-
Past due 151-365 days	-	-
More than one year	-	2,489,574
More than two years	8,997,093	14,866,315
	8,997,093	17,355,889

Based on past experience and keeping in view subsequent realizations, provision for doubtful debts aggregating Rs. 241.321 million (2017: Rs. 250.299 million) has been kept as at the reporting date and for other trade debts there are reasonable grounds to believe that the amounts will be realized in short course of time.

40.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company is facing difficulty in maintaining sufficient level of liquidity due to financial problems as all the banks and financial institutions have blocked / ceased their finance facilities and filed suits for recovery of these finances.

	June 30, 2018			June 30, 2017		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees			Rupees		
Long-term finances	371,360,857	371,360,857	-	372,085,857	372,085,857	-
Liabilities against assets subject to finance lease	23,478,956	23,478,956	-	23,478,956	23,478,956	-
Trade and other payables	810,616,027	810,616,027	-	820,342,658	820,342,658	-
Accrued mark-up / interest	35,697,565	35,697,565	-	36,302,787	36,302,787	-
Short-term borrowings	2,141,585,564	2,141,585,564	-	2,151,877,764	2,151,877,764	-
	3,382,738,969	3,382,738,969	-	3,404,088,022	3,404,088,022	-

In order to manage liquidity risk, the management along with its restructuring agent (a leading bank) and a few other banks are negotiating with banks / financial institutions for restructuring of principal and mark-up / interest and rescheduling of repayment terms as detailed in note 1.3 to the financial statements and the management envisages that sufficient financial resources will be available to manage the liquidity risk.

40.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores and spare parts, plant and machinery, export of goods and foreign currency bank accounts mainly denominated in U.S. Dollars (U.S.$). The Company's exposure to foreign currency risk is as follows:

	June 30, 2018		June 30, 2017	
	Rupees	U.S.$	Rupees	U.S.$
Trade and other payables	**80,235,544**	**785,216**	80,235,544	785,216
Bank balance	**(63,466)**	**(644)**	(63,466)	(644)
Net balance sheet exposure	**80,172,078**	**784,572**	80,172,078	784,572

The following significant exchange rate applied during the year:

	Average rate		Reporting date rate	
	2018	2017	2018	2017
U.S. Dollar to Rupee	121.15	104.69	121.60	104.80

At the reporting date, if Rupee had strengthened by 10% against U.S. Dollar with all other variables held constant, loss for the year would have been increased/(decreased) by the amounts shown below mainly as a result of net foreign exchange gain/(loss) on translation of financial assets and liabilities.

	2018	2017
	Rupees	Rupees
Effect on loss for the year:		
U.S. Dollar to Rupee	9,540,396	8,222,315

The weakening of the Rupee against U.S Dollar would have had an equal but opposite impact on loss for the year. The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets/liabilities of the Company.

(b) **Interest rate risk**

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

Majority of the interest rate risk of the Company arises from short and long-term borrowings from banks and deposits with banks. However, the Company is not providing for mark-up/interest on its long-term finances, liabilities against assets subject to finance lease and short-term borrowings due to litigation with banks and financial institutions as detailed in note 29.1.1. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2018	2017
Fixed rate instruments	**Rupees**	Rupees
Financial assets	**3,058,672**	3,058,672
Financial liabilities	**26,958,913**	26,958,913
Variable rate instruments		
Financial liabilities	**2,509,466,464**	2,520,483,664

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

Cash flow sensitivity analysis for variable rate instruments is not presented as the Company is not providing for mark-up / interest due to litigation with banks and financial

40.4 **Fair value of financial instruments**

As at June 30, 2018 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except investment in an Associated Company which is valued under equity method of accounting. Further, staff loans which are valued at their original cost less repayments.

40.5 Capital risk management

The Company's prime objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares.

There was no changes in the Company's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date.

41 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the families of the directors and key management personnel are interested. The Company, in the normal course of business, carries out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 40. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

	Note	2018 Rupees	2017 Rupees
Nature of transactions			
Repayment of advances - net		**1,834,196**	1,830,376

42 SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into following four operating segments:

- spinning;
- dying;
- garments; and
- weaving.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment revenues and results

	Spinning	Dying	Garments	Weaving	Total
			Rupees		
For the year ended June 30, 2018					
Sales	-	-	-	-	-
Cost of sales	(43,195,123)	(4,690,480)	(8,563,995)	-	(56,449,598)
Gross loss	(43,195,123)	(4,690,480)	(8,563,995)	-	(56,449,598)
Administrative expenses	(1,926,585)	(167,108)	(717,848)	-	(2,811,541)
Other operating income	10,201,775	-	177,512	-	10,379,287
	8,275,190	(167,108)	(540,336)	-	7,567,746
Loss from operations	(34,919,933)	(4,857,588)	(9,104,331)	-	(48,881,852)
Finance cost	(9,506)	-	(48,813)	-	(58,319)
Loss before taxation	**(34,929,439)**	**(4,857,588)**	**(9,153,144)**	-	**(48,940,171)**
Taxation					(14,106,308)
Loss after taxation					**(34,833,863)**

	Spinning	Dying	Garments	Weaving	Total
For the year ended June 30, 2017	Rupees				
Sales	-	-	-	-	-
Cost of sales	(30,349,985)	(4,810,748)	(9,875,932)	-	(45,036,665)
Gross loss	(30,349,985)	(4,810,748)	(9,875,932)	-	(45,036,665)
Administrative expenses	(16,643,632)	(202,432)	(1,085,842)	-	(17,931,906)
Other operating income	7,681,406	-	-	2,411,536	10,092,942
	(8,962,226)	(202,432)	(1,085,842)	2,411,536	(7,838,964)
Loss from operations	(39,312,211)	(5,013,180)	(10,961,774)	2,411,536	(52,875,629)
Finance cost	(17,324)	-	(739,861)	-	(757,185)
Loss before taxation	(39,329,535)	(5,013,180)	(11,701,635)	2,411,536	(53,632,814)
Taxation					6,923,088
Loss after taxation					(46,709,726)

Segment assets and liabilities

	Spinning	Dying	Garments	Weaving	Total
	Rupees				
As at June 30, 2018					
Segments assets	1,816,259,743	348,737,263	429,797,514	48,014,908	2,642,809,429
Inter segment assets					(805,552,955)
					1,837,256,474
As at June 30, 2017					
Segments Assets	1,868,865,337	353,594,851	438,444,574	50,769,756	2,711,674,518
Inter segment assets					(803,003,188)
					1,908,671,330

43 NUMBER OF EMPLOYEES

	2018	2017
	............Number..........	
Number of employees as at June 30,		
- Permanent	1	14
- Contractual	6	19
Average number of employees during the year		
- Permanent	1	18
- Contractual	6	26

44 EVENTS AFTER THE REPORTING DATE

There are no significant adjusting or non-adjusting event after the reporting date requiring adjustment or disclosure in financial statements.

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October, 05, 2018 by the Board of Directors of the Company.

46 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

Sohail Maqsood	Nasir Mahmood	Akhtar Mirza
Chief Executive	**Chief Financial Officer**	**Director**

KEY OPERATING AND FINANCIAL DATA
FOR THE LAST SIX YEARS

	2018 RUPEES	2017 RUPEES	2016 RUPEES	2015 RUPEES	2014 RUPEES	2013 RUPEES
OPERATING RESULTS						
Total number of spindles installed	25,920	25,920	25,920	25,920	25,920	25,920
Total spindles worked	-	-	-	23,949	24,379	18,559
Number of shifts worked per day	-	-	-	3	3	3
Installed capacity after conversion into 20's	8,841,118	8,841,118	8,841,118	8,841,118	8,841,118	8,841,118
Actual production after conversion into 20's	-	-	-	5,748,052	5,665,800	4,404,178
Turnover	-	-	60,495,592	1,259,579,700	2,434,279,113	2,531,006,999
Gross profit / (Loss)	(56,449,598)	(45,036,665)	(103,706,087)	(162,639,404)	(494,938,723)	(129,456,682)
Operating profit / (Loss)	(59,261,139)	(62,968,571)	(140,829,552)	(213,622,025)	(644,650,978)	(308,774,637)
Other income	10,379,287	10,092,942	4,664,256	4,905,538	795,804,466	129,285,204
Financial expenses	58,319	757,185	15,113,147	19,540,577	30,821,208	58,949,416
Profit /(Loss) before other charges	(48,940,171)	(53,632,814)	(151,278,443)	(228,257,064)	105,545,926	(418,718,469)
Other Charges	-	-	2,419,348	284,199,936	15,031,275	28,235,827
Profit/(loss) for the year before taxation	(48,940,171)	(53,632,814)	(153,697,791)	(512,457,000)	90,514,651	(446,954,296)
Profit/(loss) for the year after taxation	(34,833,863)	(46,709,726)	(179,908,358)	(499,467,258)	70,885,816	(491,627,793)
Reserves for issue of bonus shares	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-
Unappropriated profit / (loss) carried forward	(3,428,432,003)	(3,403,410,038)	(3,366,622,058)	(3,196,744,475)	(2,707,407,801)	(2,798,842,238)
FINANCIAL POSITION						
Paid up capital	173,523,290	173,523,290	173,523,290	173,523,290	173,523,290	173,523,290
Shareholder's equity	(1,869,480,547)	(1,834,646,684)	(1,787,936,959)	(2,547,821,185)	(2,058,484,511)	(2,149,918,948)
Long term loans/ redeemable capital	-	-	142,020,639	142,235,639	142,235,639	-
Obligation under finance leases	-	-	-	-	-	-
Deferred liabilities	834,762	998,259	3,686,026	2,493,482	32,319,898	58,119,074
Current liabilities	3,387,290,297	3,409,601,485	3,247,545,462	3,293,429,454	3,073,147,854	3,078,370,803
Fixed assets	1,627,665,102	1,659,648,417	1,692,439,487	1,727,472,357	2,364,232,897	2,410,718,695
Long term investments	-	-	-	-	-	55,066,672
Long term deposits / loans	3,534,361	3,534,361	3,534,361	3,534,361	4,000,659	4,732,190
Current assets	206,057,011	245,488,551	248,982,678	412,554,048	680,937,122	1,138,218,398

Pattern of Shareholding
As At June 30, 2018

Number of Shareholders	Shareholding From	Shareholding To	Shares Held	Percentage
1,999	1	100	24,495	0.14
461	101	500	115,837	0.67
208	501	1,000	163,821	0.94
142	1,001	5,000	364,668	2.10
33	5,001	10,000	262,399	1.51
9	10,001	15,000	113,758	0.66
6	15,001	20,000	108,197	0.62
2	20,001	25,000	48,590	0.28
2	25,001	30,000	56,500	0.33
2	30,001	35,000	65,197	0.38
1	35,001	40,000	37,173	0.21
2	40,001	45,000	85,493	0.49
2	45,001	50,000	95,642	0.55
1	50,001	60,000	55,500	0.32
1	60,001	65,000	61,000	0.35
1	65,001	90,000	83,500	0.48
1	90,001	120,000	101,500	0.58
1	120,001	130,000	124,500	0.72
1	130,001	155,000	134,221	0.77
1	155,001	175,000	155,168	0.89
1	175,001	180,000	178,383	1.03
1	180,001	500,000	314,622	1.81
1	500,001	800,000	576,961	3.32
1	800,001	990,000	803,651	4.63
1	990,001	995,000	994,301	5.73
1	995,001	1,025,000	1,022,233	5.89
2	1,025,001	1,330,000	2,243,708	12.93
1	1,330,001	1,350,000	1,347,907	7.77
1	1,350,001	1,500,000	1,499,776	8.64
1	1,500,001	1,950,000	1,500,000	8.64
1	1,950,001	2,600,000	1,951,186	11.24
1	2,660,001	2,665,000	2,662,442	15.34
2,889			17,352,329	100

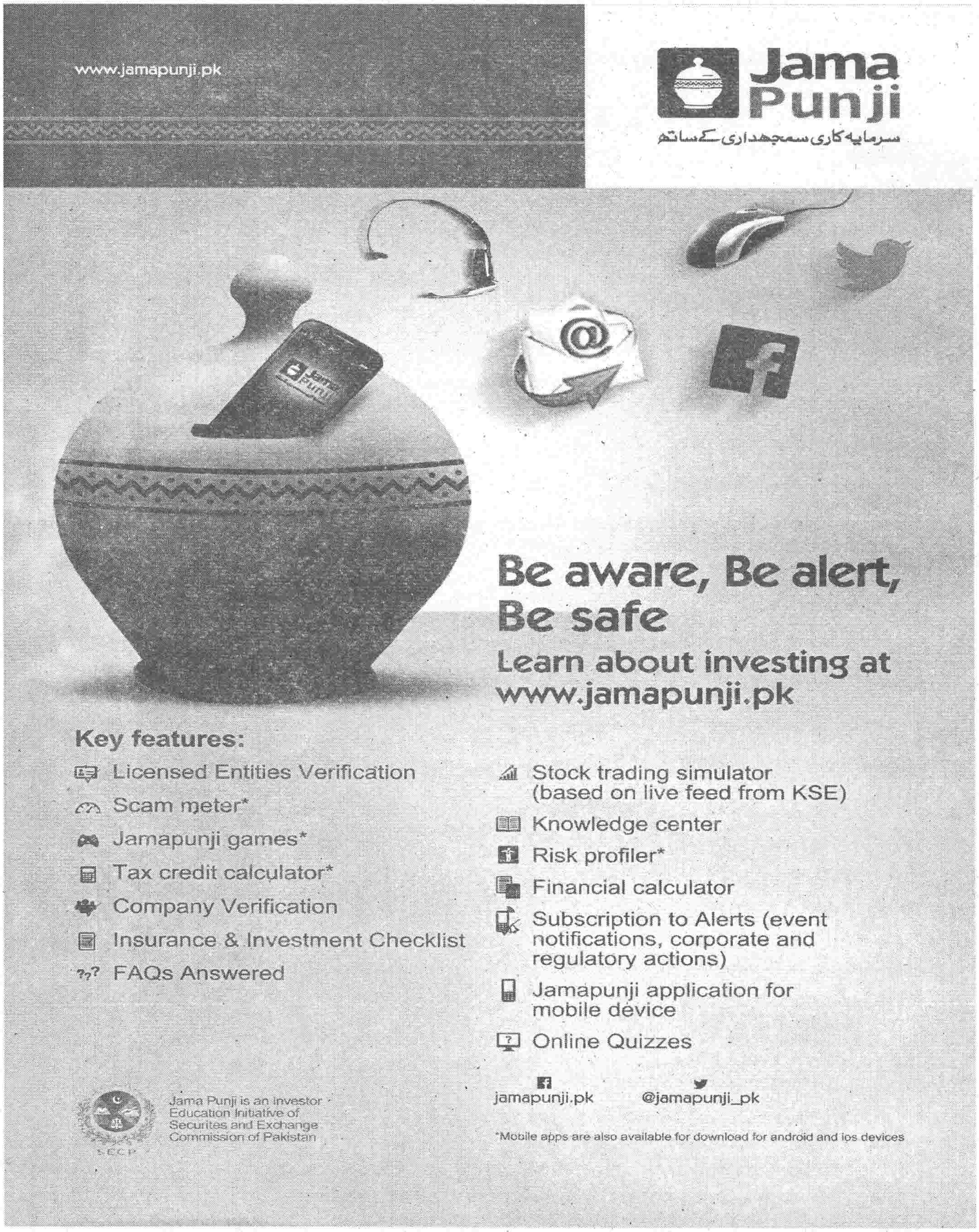
* Note: There is no shareholding in the slab not mentioned

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2018

Particulars	No. of Share Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer, Their Spouse and Minor Children	7	3,655	0.02
Associated Companies, Undertakings and Related Parties	2	1,543,956	8.90
NIT & ICP	4	1,952,919	11.25
Banks, Development Finance Institutions, Non- Banking Financial Institutions	6	995,595	5.74
Insurance Companies	1	576,961	3.32
General Public (Local)	2,853	8,065,063	46.48
Joint Stock Companies	4	51,464	0.30
Other Companies	12	4,162,716	23.99
	2,889	**17,352,329**	**100.00**

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2018

A)	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**	**SHARES**
	Gulshan Spinning Mills Limited	44,180
	Gulistan Fibers Limited	1,499,776
B)	**NIT & ICP**	
	IDBP (ICP UNIT)	233
	Investment Corporation of Pakistan	1,400
	CDC - Trustee National Investment (Unit) Trust	1,951,186
	National Bank of Pakistan Trustee Department	100
C)	**DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN**	
	DIRECTORS	
	Mr.Iftikhar Ali	500
	Mr.Muhammad Ashraf Khan	500
	Mr. Abid Sattar	500
	Mr. Muhammad Akhtar Mirza	500
	Mr. Sohail Maqsood	605
	Mr. Muhammad Maqbool Anjum	550
	Mr.Hussain Ather	500
D)	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS**	
	BANKS	
	National Bank of Pakistan Investor Account (Former NDFC)	8
	National Development Finance Corporation Ltd	110
	National Bank of Pakistan	995,397
	Midland Bank Trust Corporation (Jersey) Limited	38
	Innovative Investment Bank Limited	42
	INSURANCE	
	State Life Insurance Corporation of Pakistan	576,961
E)	**Other Companies**	4,162,716
F)	**Joint Stock Company**	51,464
G)	**General Public (Local)**	8,065,063
		17,352,329
H)	**SHAREHOLDERS HOLDING 05% OR MORE**	
	Mr. Tanveer Ahmed	2,662,442
	Mr. SANA KASHIF	1,118,560
	Mrs. Naureen Tanveer	1,336,855
	GULISTAN TEXTILE MILLS LIMITED	1,347,907
	BLESSED CORPORATION (PVT.) LTD.	1,500,000
	Gulistan Fibers Limited	1,499,776
	Peridot Products (Pvt.) Limited	1,125,148
	CDC - Trustee National Investment (Unit) Trust	1,951,186
	National Bank of Pakistan	995,397
I)	**TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**	**Nil**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Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP

Form of Proxy

Paramount Spinning Mills Limited

I/We ___________________being member of **Paramount Spinning Mills Limited** holder of _______ ordinary shares as per Share Register Folio No.__________ and/or CRC participant I.D. No. _________ ______Account No ________hereby appoint ____________who is also member of **Paramount Spinning Mills Limited** vide Folio No. _________ or CDC participant I.D. No. ______Account No.__ ______ or failing him/her of Mr.______________________of _________ who is also member of **Paramount Spinning Mills Limited** vide Folio No. ___________or CDC participant I.D. No. _______ Account No. ____________ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 27th October 2018 at 12:30 p.m. and at any adjournment thereof.

As witness my/our hand this_______day of ____________2018

Signed by the said _______________________________

Appropriate Revenue Stamp

Witness 1:-

Name:-____

Adress:-_______________________________________

CNIC:-____

Witness 2:-

Name:-____

Adress:-_______________________________________

CNIC:-____

Notes:

1. The Proxy in order to be valid must be duly stamped, signed and witnessed and be deposited with the Company not later than 48 hours before the time of holding of Meeting.
2. The proxy must be a member of the Company.
3. Signature should agree with the specimen signature, registered with the Company.
4. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Card/Passport in original to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or passport.
5. Representative of corporate members should bring the usual documents required for such purpose.

فارم برائے پروکسی ممبر

پیراماؤنٹ سپننگ ملز لمیٹڈ

میں مسمی ______ پیراماؤنٹ سپننگ ملز لمیٹڈ کے ______ عدد عام شیئرز رکھتا/رکھتی ہوں، جوکہ شیئر رجسٹر کے فولیو نمبر ______ پر درج ہے اور یا سی
آر سی کے امیدوار شناختی کارڈ نمبر ______ اکاؤنٹ نمبر ______ کے مطابق درج ہے۔ میں مسمی
______
جوکہ بھی بذریعہ نمبر ______ یا سی ڈی سی امیدوار شناختی کارڈ نمبر ______ اکاؤنٹ نمبر ______ پیراماؤنٹ سپننگ ملز لمیٹڈ کا
رکن/شیئرز ہولڈر ہے، کو میں اپنا پروکسی/شراکت کنندہ/نمائندہ مقرر کرتا ہوں یا اسکے ناکام ہوجانے/پیش ہونے میں ناکام ہونے کے بعد دوسرے شخص
مسمی ______ جوکہ بھی بذریعہ فولیو نمبر ______ سی ڈی سی امیدوار شناختی کارڈ نمبر ______ اکاؤنٹ
نمبر ______ پیراماؤنٹ سپننگ ملز لمیٹڈ کا رکن/شیئرز ہولڈرز ہے کو اپنا پروکسی/شراکت کنندہ/نمائندہ میں مقرر کرونگا جو میری جگہ سالانہ کمپنی کو مجلس عاملہ جو کے ۲۷
اکتوبر 2018 کو بوقت ۱۲:۳۰ بجے یا کسی دیگر وقت وجگہ پر منعقد ہوگی پیش/شرکت کرے گا اور میری جگہ بیان اور ووٹ دے گا۔

دستخط ممبر/پراکسی ممبر

میں آج کے دن ______ مورخہ ______ 2018 کو اپنے بیان کی تصدیق کرتا ہوں اور اپنے دستخط کرتا ہوں۔

گواہ نمبر 1

نام ______

پتہ ______

شناختی کارڈ نمبر ______

گواہ نمبر 2

نام ______

پتہ ______

شناختی کارڈ نمبر ______

نوٹ:

1- پروکسی فارم پر شیئر ہولڈر اور گواہوں کی مہر، دستخط ثبت ہونگے اور فارم سالانہ مجلس عاملہ/میٹنگ کے انعقاد کے 48 گھنٹوں سے پہلے پہلے پیش کرنا ہوگا۔

2- پروکسی کنندہ کمپنی کا شیئر ہولڈر/رکن ہوگا۔

3- پروکسی کنندہ کے دستخط کمپنی میں رجسٹرڈ شدہ دستخط سے مشابہہ ہونگے۔

4- سی ڈی سی شیئر ہولڈر ووٹ دینے کے مستحق ہونگے اور وہ سالانہ مجلس عاملہ/میٹنگ میں ووٹ دیتے وقت اپنے اصل شناختی کارڈ/پاسپورٹ پیش کرینگے تاکہ ان کی شناخت ہوسکے۔ بصورت دیگر وہ اپنے شناختی کارڈ/پاسپورٹ کی تصدیق شدہ نقل پیش کریں گے۔

5- کارپوریٹ ممبرز کے نمائندے اپنے متعلقہ کاغذات پیش کرینگے۔

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