MAHBOOB SHEIKH & Co.
Chartered Accountants
Near Auto Plaza, Dera Adda,
L.M.Q. Road,Multan (Pakistan)
Tel: 061-4515248-4589205 Fax: 061-4588410
e-mail : mahboobsheikh@hotmail.com

AUDITORS' REPORT

Report on the Audit of the Financial Statements of SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED

Opinion

We have audited the annexed financial statements of SPUN YARN RESEARCH AND DEVELOPMENT COMPANY (PRIVATE) LIMITED. which comprise the statement of financial position as at JUNE 30, 2018 and the statement of profit or loss, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

d) No zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

MAHBOOB SHEIKH & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Mahboob Ahmad Sheikh

Dated: October 16, 2018
Location : Multan

SPUN YARN RESEARCH AND DEVELOPMENT
COMPANY (PRIVATE) LIMITED
BALANCE SHEET AS AT JUNE 30,2018

ASSETS	Note	2018 Rupees	2017 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	3	181,271,324	196,098,085
Intangible assets	4	126,846	140,940
Capital work in progress	5	732,884	732,884
Security Deposit - MEPCO	6	2,059,200	2,059,200
		184,190,254	199,031,109
CURRENT ASSETS			
Stores and spares	7	645,847	719,280
Stock in Trade	8	6,673,514	944,256
Advances, deposits and other receivables	9	16,460,799	6,650,199
Trade deposits and prepayments	10	88,336	88,336
Income Tax Refundable due from Govt.	11	-	535,087
Sales Tax Refundable due from Govt.	12	1,380,579	1,392,618
Cash and bank balances	13	573,977	117,993
		25,823,052	10,447,769
		210,013,306	209,478,878
SHARE CAPITAL AND RESERVES			
Authorized capital			
160,971 ordinary shares of Rs.1000/each		**160,971,000**	160,971,000
Issued, subscribed and paid up capital 2018: 159,756 (159,756 in 2017) ordinary shares of Rs. 1000/- each fully paid in cash	14	159,756,000	159,756,000
Un appropriated Loss		(85,121,112)	(85,292,786)
		74,634,888	74,463,214
Share deposit money	15	84,982,275	84,982,275
NON-CURRENT LIABILITIES			
Liability against assets subject to finance lease	16	-	473,574
CURRENT LIABILITIES			
Liability against assets subject to finance lease	17	473,574	449,157
Creditors, accrued and other liabilities	18	49,922,569	49,110,658
CONTINGENCIES AND COMMITMENTS		-	-
		210,013,306	209,478,878

The annexed notes form an integral part of these accounts.

Khawaja Muhammad Ali
CHIEF EXECTIVE

Khawaja Hassan Yousaf
DIRECTOR

SPUN YARN RESEARCH & DEVELOPMENT COMPANY (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - Net	19	93,127,185	185,918,464
Cost of goods sold	20	(87,005,396)	(197,021,573)
Gross profit / Loss		6,121,789	(11,103,109)
Operating expenses			
Administrative expenses	21	(4,059,813)	(11,151,404)
Selling expenses	22	(289,920)	(2,184,234)
Other operating expenses	23	(122,272)	-
		(4,472,005)	(13,335,638)
Operating profit / Loss		**1,649,784**	(24,438,747)
Other Income	24	-	265,015
		1,649,784	(24,173,732)
Other charges			
Financial charges	25	(314,020)	(224,258)
Profit/(loss) before taxation		1,335,764	(24,397,990)
Income Tax	26	(1,164,090)	(1,859,185)
Net profit/(loss) for the year		171,674	(26,257,175)

The annexed notes form an integral part of these accounts.

Khawaja Muhammad Ali
CHIEF EXECTIVE

Khawaja Hassan Yousaf
DIRECTOR

SPUN YARN RESEARCH & DEVELOPMENT
COMPANY (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

		2018 Rupees	2017 Rupees
a)	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/(loss) for the year	1,335,764	(24,397,990)
	Adjustment for non cash items:		
	Depreciation	15,116,601	15,116,601
	Amortized	15,660	15,660
	Preliminary expenses	-	-
	Financial charges	224,258	224,258
	Operating profit before working capital changes	16,692,283	(9,041,471)
	changing in working capital		
	(Increased)/ Decreased in current assets		
	Stock in trade	(944,256)	(944,256)
	Stores and spares	(719,280)	(719,280)
	Advances , deposit and other receivables	(5,460,319)	(5,460,319)
	Increased/ (Decreased) in current liabilities		
	Creditors, accruals and other liabilities	65,655,091	65,655,091
		58,531,236	58,531,236
	Cash generated from operation	75,223,519	49,489,765
	Financial charges	(224,258)	(224,258)
	Net cash flow from operations	74,999,261	49,265,507
b)	CASH FLOW FROM INVESTING ACTIVITIES		
	Long term investment	-	-
	share capital	-	-
	Net cash used in ivesting activities	-	-
		74,999,261	49,265,507
c)	CASH FLOW FROM FINANCING ACTIVITIES		
	Purchased of assets	(19,900,022)	(19,900,022)
	Net cash used in financing activities	(19,900,022)	(19,900,022)
	Net increase/ (decrease) in cash and bank balances	(3,893,420)	(4,349,404)
	CASH CASH EQUIVALENTS IN THE BEGINNING	4,467,397	4,467,397
	CASH CASH EQUIVALENTS IN THE END	573,977	117,993

Auditor's report as per annexed
The annexed form an integral part of these accounts.

Khawaja Muhammad Ali
CHIEF EXECTIVE

Khawaja Hassan Yousaf
DIREC DIRECTOR

Hassan

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

STATEMENT OF CHANGES IN EQUITY	Share Capital	Un App. Profit	Total
		--Rupees--	
Balance at June 30, 2016	159,756,000	(59,035,611)	100,720,389
Paid up capital issued during the year			-
Profit / (Loss) for the year ended June 30, 2017		(26,257,175)	(24,397,990)
Balance at June 30, 2017	159,756,000	(85,292,786)	76,322,399
Paid up capital issued during the year			-
Profit / (Loss) for the year ended June 30, 2018		171,674	171,674
Balance at June 30, 2018	159,756,000	(85,121,112)	152,816,472

The annexed notes form an integral part of these accounts.

Khawaja Muhammad Ali
CHIEF EXECTIVE

Khawaja Hassan Yousaf
DIRECTOR

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND ACTIVITIES

Spun yarn Research & Development Company(private) Limited is a private limited company incorporated in Pakistan on June 27, 2011 under the Companies Ordinance, 1984. The company is manufacturing and sales of yarns.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board the (IASB) as notified under the provisions of the Companies Act, 2017. the requirements of the company Act. 2017 and the directives issued by the securities Exchange commission of Pakistan. Wherever the requirements of the Companies Ordinances 1984 or the directives issued by the (SECP) differ with the requirements of the (IFRS). the requirements of the Companies Act, 2017 and the said directives shall take precedence.

2.2 Accounting Convention

These accounts have been prepared under historical cost convention unless otherwise stated.The Land . building and machinery have been included at depreciated replacement values and exchange differences as stated in note 2.3 have been incorporated in the cost of relevant assets.

2.3 Basis of Preparation

These accounts have been prepared in compliance with International Accounting Standards as applicable in Pakistan, or as otherwise mentioned.

2.4 Foreign Currency

Assets and liabilities in foreign currencies are converted into Pak rupees at rates of exchange ruling on the balance sheet date. except those covered under forward exchange contract and exchange risk cover scheme which are converted at the cover rate. Exchange differences are included in current income.

2.5 Taxation

Current

Provision for current taxation is made at the current rates of taxation on taxable income for the year, if any. Tax credits and brought forward losses are recognized for arriving at taxable income for the year..Provision is made for the current taxes under section 113 of Income Tax Ordinances 2001 if it higher than the current tax provision at the prevailing rates.

Deferred

Deferred tax is recognized using the balance sheet liabilities method in respect of all temporary differences between the carrying amonts of assets and liabilities for the financial reporting purposes and the tax base (the amounts for taxation purposes). In this regard, the effecton deferredtaxation of the portionof income subject to final tax regime is also considered in accordancewith requirmentof Technical Release-27 of Institute of CharteredAccountants of Pakistan.

Deferredtax assets are recognized to the extent that is probable that tax profit will be available against which the deductible temporary differences,unsued lossesand tax credit can be utilised.

2.6 Fixed Assets and Depreciation

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

Fixed assets are valued at cost less accumulated depreciation calculate on diminishing balance methed. except free hold land which is stated at cost.

Depreciation is charged at the rates prescribed in fixed assets schedule. Full month's depreciation is provided in the month of purchase and no depreciationis charged in the month the assets is sold or scrapped out.

Depreciation is charged on revalued amount @10%on W.D.V or as stated.

The surplus arising out of revalued assets is a classified under separate head as Surplus on revaluation of fixed assets.

2.7 Staff Retirement Benefits

The company operates an unfunded gratuity scheme covering all its employees and gratuity expenseis accounted for on payment basis.

Provision for gratuity has been made in these accounts on accrual basis which is contrary to the requirements of International Accounting Standard 19. The amount of liability as per IAS 19 has be ascertained.

2.8 Stores and Spares

These are valued at moving average cost.

2.9 Stock in Trade

Basis of valuation are as under :

Raw Material	At average cost
Work in Process	At manufacturing cost
Finished Goods	At lower of cost or net realizable value
Waste	At realizable value

Cost in relation to work in process and finished goods represents annual average cost which consists of prime cost and appropriate manufacturing overhead. Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sales.

2.10 Trade and others payable

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. whether or not billed to the company.

2.11 Impairment and Uncollectibility of financial Assets

An assessement is made at each balance sheet date to determine whether there is an evidence that a financial assets or group of financial assets may be impaired. If such evidence exists. the estimate recoverable amount of that assets is determine and any impairment loss recognized for the difference between the recoverable amount and the carrying amount.

2.12 Financial Liabilities

Provision is recognized in balance sheet when the company has a large or constructive objective obligation as result of past event, it is proble that an out flow of resouces embodying economic benefit will be required to settle the obligation, and a reliable estimate can be made for the amount of obligation.

2.13 Trade Debtors

Known bad debts are written off and provision is made against debtconsider doubtful and irrecoverable. There are no doubtful trade debtors.

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

Fixed assets are valued at cost less accumulated depreciation calculate on diminishing balance methed. except free hold land which is stated at cost.

Depreciation is charged at the rates prescribed in fixed assets schedule. Full month's depreciation is provided in the month of purchase and no depreciationis charged in the month the assets is sold or scrapped out.

Depreciation is charged on revalued amount @10%on W.D.V or as stated.

The surplus arising out of revalued assets is a classified under separate head as Surplus on revaluation of fixed assets.

2.7 Staff Retirement Benefits

The company operates an unfunded gratuity scheme covering all its employees and gratuity expenseis accounted for on payment basis.

Provision for gratuity has been made in these accounts on accrual basis which is contrary to the requirements of International Accounting Standard 19. The amount of liability as per IAS 19 has be ascertained.

2.8 Stores and Spares

These are valued at moving average cost.

2.9 Stock in Trade

Basis of valuation are as under :

Raw Material	At average cost
Work in Process	At manufacturing cost
Finished Goods	At lower of cost or net realizable value
Waste	At realizable value

Cost in relation to work in process and finished goods represents annual average cost which consists of prime cost and appropriate manufacturing overhead. Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sales.

2.10 Trade and others payable

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. whether or not billed to the company.

2.11 Impairment and Uncollectibility of financial Assets

An assessement is made at each balance sheet date to determine whether there is an evidence that a financial assets or group of financial assets may be impaired. If such evidence exists. the estimate recoverable amount of that assets is determine and any impairment loss recognized for the difference between the recoverable amount and the carrying amount.

2.12 Financial Liabilities

Provision is recognized in balance sheet when the company has a large or constructive objective obligation as result of past event, it is proble that an out flow of resouces embodying economic benefit will be required to settle the obligation, and a reliable estimate can be made for the amount of obligation.

2.13 Trade Debtors

Known bad debts are written off and provision is made against debtconsider doubtful and irrecoverable. There are no doubtful trade debtors.

SPUN YARN RESEARCH & DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

2.14 Revenue Recognition

Local Sales are accounted for when goods are delivered to customers and invoices rised. Export sales are recorded on realization basis and pending sales at year and are accounted for at amount subsequently realized. Export rebates and other refunds are accounted for on receipt basis.

2.15 Expenses Recognition

The Expenses are recognized on accural basis, or as otherwise, stated.

2.2 COMPARATIVES

Corresponding figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparies.There are no change in the comparative figures affecting the financial results of the company.

2.2 IMPAIRMENT

The carring amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any assets or group of assets. If any such indication exists, the recoverable amount of that asset or group of asset is estimated and impairment losses are recongnised in the profit and loss account.There are no reported impairments as at the balance sheet date.

2.2 CAPITAL DISCLOSURE

The company's objective when managing capital is to safeguard the company's ability to continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure which comprises capital and reserves 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 appropriation of amounts to reserve or/and issue new share.

2.2 FINANCIAL INSTRUMENTS

Financial instruments are intially recorded at coston the date a derivative contract is entered into and are remeasredto fair value at subsequent reporting date. The gain or loss relating to financial instrument is recongnized immediately in the profit and loss account for the year.

		2018	2017
3	NON CURRENT ASSETS	Rupees	Rupees
	Operating assets	181,271,324	196,098,085
		181,271,324	196,098,085
4	INTANGIBLE ASSETS		
	Computer Software - Licence fee		
	Cost	140,940	156,600
	Accumulated amortization	14,094	15,660
		126,846	140,940
	Amortization during the year	14,094	15,660
	Rate of amortization per year	10%	10%

The amortization for the year has been allocated to administrative expenses.

SPUN YARN RESEARCH &DEVELOPMENT COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

		2018 Rupees	2017 Rupees
5	**CAPITAL WORK IN PROGRESS**		
	New Godown Building Extension	732,884	732,884
		732,884	732,884
6	**SECURITY DEPOSIT - MEPCO**		
	Security Deposit - MEPCO	2,059,200	2,059,200
		2,059,200	2,059,200
7	**STORES AND SPARES**		
	Stores	697,815	697,180
	Spares	-	-
	Tools	21,465	22,100
		645,847	719,280
8	**STOCK IN TRADE**		
	Raw Material	3,621,987	927,988
	Packing Material Store	147,841	16,268
	Work in process	358,482	-
	Finished goods (Yarn & Waste)	2,545,204	-
		6,673,514	944,256
9	**ADVANCES, DEPOSITS AND OTHER RECEIVABLES**		
	Sundry Debtors	10,646,641	3,644,599
	Advance to staffs	95,976	627,194
	Advance office rent	92,500	92,500
	Other Receiveables	5,625,682	2,285,906
		16,460,799	6,650,199
10	**TRADE DEPOSIT AND PREPAYMENTS**		
	Security deposits	-	-
	Prepayments	88,336	88,336
		88,336	88,336
11	**TAX REFUNDS DUE FROM GOVERNMENT**		
	Income Tax		
	Opening balance	**535,087**	**2,345,733**
	Deduction during the year		
	U/s 231-A	7,851	46,444
	U/S 153	621,137	-
	U/S 151	15	2,095
		1,164,090	**2,394,272**
	Provision for taxation	(1,164,090)	(1,859,185)
		-	535,087

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

		2018 Rupees	2017 Rupees
12	**Sales Tax Refundable**	1,380,579	1,392,618
	Sales Tax	1,380,579	1,392,618
13	**CASH AND BANK BALANCES**		
	Cash in hand	10.364	17.417
	Cash at banks		
	In current accounts	560585.88	32.077
	In deposit accounts	3.027	68.499
		563.613	100.576
		573,977	117.993
14	**ISSUED, SUBSCRIBED AND PAIDUP CAPITAL**		
	2018: 159.756 (159.756 in 2017) ordinary shares of Rs. 1000/- each fully paid in cash	159.756.000	159.756.000
	45,010 Ordinary shares of Rs.1000/-each	45,010.000	45.010.000
	74,746ordinary sharesof Rs. 1000/-each	74,746.000	74,746.000
	40.000 ordinary shares of Rs. 1,000/-each	40,000.000	40.000.000
		159,756,000	159.756.000
15	**DEPOSIT FOR SHARES**		
	Private Sector	84.982.275	84.982.275
		84,982,275	84,982,275
16	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**		
	Total finance lease liabalites	922,731	
	Paid during the year	(449,157)	473.574
	Remaining Liability	473,574	922.731
	Current finance lease liabalites	473,574	449.157
	Non current finance lease liaballtes	-	473.574

16.1 This represents vehicles acquired under the leasing arrangements. Interterest rates used as discounting factor ranges 8.16% per annum. Taxes, repairs, replacements and insurance costs are to be born by the Company. Under the terms of agreement, the Company has an option to acquire the asset at the end of the respective lease terms and intends to exercise the option.

	2017		2018	
	Minimum Lease Payment	**Finance Cost**	**Minimum Lease Payment**	**Finance Cost**
Not later then one year	449.157	136.923	473.574	14.826
Later then one year but not later than 3 years	473.574	151.749	-	-
Total minimum lease payments	922,731	288.672	473.574	14.826
CURRENT LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE	**473,574**	**151,749**	**473,574**	**14,826**

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

			2018 Rupees	2017 Rupees
17	**CURRENT PORTION OF LIABILITIES AGAINST ASSETS - SUBJECT TO FINANCE LEASE**			
	Current portion of lease liabilities	16	473,574	449,157
			473,574	449,157
18	**CREDITORS, ACCRUED AND OTHER LIABILITIES**			
	Sundry creditors		25,976,794	28,685,221
	Accrued Liabilities		17,693,264	10,704,781
	Advances from Customers			-
	Payables to Contractors and suppliers		5,670,854	5,670,854
	Others		581,657	4,049,802
			49,922,569	49,110,658
19	**SALE-NET**			
	Sale of Yarn		93,548,350	187,322,141
	Sales Return		-	(1,350,000)
	Less: Commission on Sale		(421,165)	(53,677)
	Net Sales		93,127,185	185,918,464
20	**COST OF SALE:**			
	Salaries, wages & Other Benefits	20.1	14,414,393	27,477,886
	Raw Material Consumed	20.2	32,825,569	118,617,154
	Store Consumed	20.3	473,513	1,856,277
	Packing Material Consumed	20.4	615,850	1,018,155
	Telephone Bills factory		37,580	13,770
	Fuel & Power (Generator - Fuel + Electricity Bill)		26,657,483	27,304,911
	Generator Expenses		70,154	875,190
	Insurance Expense		-	481,345
	Depreciation Expense - Production		14,761,675	16,236,534
	Repair & Maintenance		51,275	9,345
	Other production expenses		1,590	17,216
			89,909,082	193,907,783

SPUN YARN RESEARCH &DEVELOPMENT COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Work in Process:		
Opening	-	951.920
Closing	(358,482)	-
Consumed	(358.482)	951.920
Cost of goods manufactured	89.550.600	194,859.703
Finished Goods:		
Opening	-	2.046.560
Closing	(1,638.953)	-
Consumed	(1,638.953)	2,046.560
Waste:		
Opening	-	115.310
Closing	(906,251)	-
Consumed	(906,251)	115.310
	87,005,396	**197,021.573**

20.1 SALARIES, WAGES & OTHER BENEFITS

	2018	2017
Salaries and wages - Factory	12.241.249	19.774.056
Workers Welfare	-	-
Travelling & Conveyance	184.988	94.382
Over Time Labor	916.026	4.842.357
Mixing. Packing & Bale Pressing Charges	781.205	2.345.848
Vehicle Running & Maintenance	45.700	95.476
Electricity Bill - Labor	187.058	64.372
House Rent Staff	58.167	261.395
	14,414,393	27.477.886

20.2 RAW MATERIAL CONSUMED

	2018	2017
Opening stock of raw material	927.988	6.873.489
Add: Purchases during the year	35.519.568	112.671.653
Total available for consumption:	36.447.556	119.545.142
Less: Closing Stock	(3.621.987)	(927.988)
Consumption for the year:	**32,825,569**	118.617.154

20.3 STORE CONSUMED:

	2018	2017
Opening stock of Store.Spare & Tools	719,280	1.668.089
Add: Purchases during the year	400.080	907.468
	1,119.360	2.575.557
Less: Closing Stock	(645.847)	(719.280)
Consumption for the year:	473.513	1.856.277

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

		Note	2018 Rupees	2017 Rupees
20.4	**PACKING MATERIAL CONSUMED**			
	Opening stock of Packing Material		16,268	429,444
	Add: Purchases during the year		747,423	604,979
			763,691	1,034,423
	Less: Closing Stock		(147,841)	(16,268)
	Consumption for the year:		615,850	1,018,155
21	**ADMINISTRATIVE EXPENSES**			
	Director's remuneration		1,215,000	2,700,000
	Salaries & wages		1,002,267	2,473,526
	Travelling and conveyance		68,935	555,242
	Vehicle running & maintenance		94,674	150,535
	Rent.(Labor/Staff/Office)		245,000	731,876
	Sui Gas/Electricity		43,023	457,658
	Entertainment		89,663	279,463
	Communication		44,265	64,319
	Printing and stationery		86,363	136,671
	Legal & professionals		68,725	219,020
	Auditors' remuneration	21.1	100,000	75,000
	Depreciation		301,259	331,358
	Amortization of intangible		14,094	15,660
	Repair & Maintenance - Office		21,584	23,415
	Fee Fines & Subscriptions		10,000	-
	Market Committe Fee		4,296	2,615
	Telephone Wifi/IT		103,813	168,257
	Insurance		250,000	253,750
	EOBI/Social Security/Market Committee		105,450	252,600
	Professional Tax		50,000	50,000
	Commission Brokerage		120,000	99,992
	Other expenses		21,402	1,637,860
	Welfare Worker		-	472,587
			4,059,813	11,151,404
21.1	**AUDITORS' REMUNERATION**			
	Audit Fee		85,000	75,000
	Out of pocket expenses		15,000	-
			100,000	75,000
22	**SELLING AND DISTRIBUTION EXPENSES**			
	Freight expense		289,920	2,184,234
			289,920	2,184,234
23	**OTHER OPERATING EXPENSES**			
	Worker's profit participation fund		88,603	-
	Worker's welfare fund		33,669	-
			122,272	-

SPUN YARN RESEARCH &DEVELOPMENT
COMPANY (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2018

			2018 Rupees	2017 Rupees
24	**OTHER INCOME**			
	Profit on bank deposit		-	20,952
	Others		-	244,063
			-	265,015
25	**FINANCIAL CHARGES**			
	Bank guarantee charges		-	153,425
	Bank charges		40,174	42,352
	Bank Interest/Mark up		273,846	28,481
			314,020	224,258
26	**TAXATION**			
	Higher of A,B or C		1,164,090	1,859,185
A	Normal Tax			
	Profit before tax		1,335,764	(24,397,990)
	ADD: Interest on leased assets		136,923	187,490
	ADD: Accounting depreciation		15,062,934	16,567,892
	LESS: Tax depreciation		15,062,934	16,567,892
	Taxable profit/(loss)		1,335,764	(24,397,990)
	@30% of taxable profit		400,729	-
B	TAX U/s 113	1.25% (2017 :1%) of turnover	1,164,090	1,859,185
C	Alternate Corporate Tax		197,895	-
27	**BASIC EARNING PER SHARE**			
	Profit/(loss) attributable to ordinary sharholders		171,674	(26,257,175)
	Weighted average no. ofordinary shareholders		159,756	159,756
	Basic/ ajusted earning/Loss per share		1.07	(164.36)

No figure of diluted earnings per share has been presented as the company has not issued any instruement Which would have an impact on earnings per share when excrised.

28 **DATEOF AUTHORIZATION FOR ISSUE**

These financial statement have been authorised for issue on October 16, 2018 by the board of directors of the company.

29 **GENERAL**

29.1 The figure have been rounded off to the nearest rupee unless otherwise stated.

29.2 The presentation currency in these accounts is pakistan Rupee,which is the functional currency of pakistan.

29.3 The management is of the view that para (B) of SECP Notification S.R.O23(1) / 2012 dated January 16, 2012 is applicable to the company.

Khawaja Muhammad Ali
CHIEF EXECTIVE

Khawaja Hassan Yousaf
DIRECTOR