Annual Report 2016

Maqbool Textile Mills Limited

MAQBOOL TEXTILE MILLS LIMITED

27th Annual Report

&

Financial Statements (Audited)

For the year ended June 30, 2016

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MISSION STATEMENT

The mission of Maqbool Textile Mills Limited is to contribute positively to the Socio-Economic growth of Pakistan through business and industrial pursuits endeavoring to achieve excellence in all spheres of such activity with effective and efficient management.

VISION STATEMENT

Maqbool Textile Mills Limited become a truly Professional Organization, achieve higher quality standards, utilize maximum capacity, capture expansion opportunities and become a least cost operator amongst its competitors.

We will strive to continue as a successful Company, make profit and thus create value for our shareholders without high risk to them, our Customers or employees.

QUALITY AND ENVIRONMENTAL POLICY

Our aim is to achieve the leadership of textile and spinning industry through quality products according to customer satisfaction. We thrive to achieve the above through the following measures:

1) Acquisition of quality raw material.
2) Manufacturing of high quality yarn as per customer satisfaction.
3) Continuous training and guidance to employees regarding quality and environment.
4) Continuous improvement, close watch and control in production process and environment.
5) Follow up of the system, regarding international quality and environmental laws.
6) Control of pollution discharge from industrial process.

COMPANY PROFILE

BOARD OF DIRECTORS	Mian Tanvir Ahmad Sheikh	- Chairman
	Mian Anis Ahmad Sheikh	- Chief Executive Officer
	Mian Idrees Ahmad Sheikh	- Non-Executive Director
	Mian Aziz Ahmad Sheikh	- Non-Executive Director
	Mian Atta Shafi Tanvir Sheikh	- Executive Director
	Maj. (R) Javed Mussarat	- Independent Director
	Syed Raza Abbas Jaffari	- (Rep. NIT)
AUDIT COMMITTEE	Mian Idrees Ahmad Sheikh	- Chairman
	Mian Aziz Ahmad Sheikh	- Member
	Mian Atta Shafi Tanvir Sheikh	- Member
HR & REMUNERATION COMMITTEE	Mian Aziz Ahmad Sheikh	- Chairman
	Mian Idrees Ahmad Sheikh	- Member
	Mian Atta Shafi Tanvir Sheikh	- Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
M. Ehsanullah Khan

AUDITORS
M/s. Deloitte Yousuf Adil
Chartered Accountants,
Abdali Tower,
Abdali Road, Multan.

LEGAL ADVISOR
Sheikh Muhammad Ashfaq Nadeem - Advocate
Muhammad Arcade, Khanewal Road, Multan.

BANKERS
Habib Bank Limited
Bank Al-Habib Limited
Allied Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Faysal Bank Limited
The Bank of Punjab
Bank Alfalah Limited (Islamic Banking)
Meezan Bank Limited
National Bank of Pakistan (Islamic Banking)

REGISTERED OFFICE
24/3, Tufail Road, Multan Cantt.

MILLS (Unit I-II & Ginning Unit)
M.M. Road, Chowk Sarwar Shaheed,
Distt. Muzaffargarh.

MILLS (Unit III)
Rajana Road, Pirmahal,
Distt. Toba Tek singh.

HEAD OFFICE
2-Industrial Estate, Multan.

SHARES REGISTRARS
M/s Hameed Majeed Associates (Pvt.) Ltd.
H.M House, 7-Bank Square, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the members of the Maqbool Textile Mills Limited will be held on Monday October 31, 2016 at 11:30 a.m. at its Head office, 2-Industrial Estate, Multan, Pakistan to transact the following business:

ORDINARY BUSINESS

1. To read and confirm the minutes of the 26th Annual General Meeting of the Company held on October 31, 2015.
2. To receive, consider and adopt the audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2016.
3. To appoint auditors of the Company for the year 2016-17, who will hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. The present Auditors M/s Deloitte Yousuf Adil, Chartered Accountants, retiring auditors, being eligible, have offered themselves for re-appointment.
4. To obtain consent of the members in terms of S.R.O. 470(I)/2016 dated 31st May 2016 issued by the Securities & Exchange Commission of Pakistan and to authorize the Company, to transmit the annual audited financial statements of the Company together with the Directors' and Auditors' Reports thereon to the members through CD/DVD/USB at their registered addresses by way of passing the following Ordinary Resolution:

   "***RESOLVED*** that requisite consent of the members of the Company be and is hereby accorded and the Company is authorized to transmit its annual audited financial statements together with the Directors' and Auditors' Reports thereon to the members through CD/DVD/USB at their registered addresses, instead of transmitting the said statements in the form of hard copies".

SPECIAL BUSINESS

5. To obtain the member's approval for the transactions made with the associated undertakings of the Company related to purchases of raw material from M/s Shah Shams Cotton Industries Pvt. Ltd. for Rs. 95,762,979 /- & Rs. 324,104,107/- in the year 2014 & 2015 respectively & sales of finished goods to M/s Mehmooda Maqboo Mills Ltd. for Rs. 58,044,908 & sale of used plant & machinery to M/s Allawasay Textile & Finished Mills Ltd. for Rs. 32,500,000 in the year 2014 by way of passing following resolution as special resolution:

   "***RESOLVED*** that approval of the members of the Company be and is hereby accorded for the transactions made with associated undertakings of the Company related to purchases of raw material from M/s Shah Shams Cotton Industries Pvt. Ltd. for Rs. 95,762,979/- & Rs. 324,104,107/- in the year 2015 & 2014 respectively & sales of finished goods to M/s Mehmooda Maqbool Mills Ltd. for Rs. 58,044,908/- & sale of used plant & machinery to M/s Allawasaya Textile & Finished Mills Ltd. for Rs. 32,500,000/- in the year 2014."

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

BY ORDER OF THE BOARD
Sd/-
(M. Ehsanullah Khan)
COMPANY SECRETARY

Multan, October 07, 2016

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 24-10-2016 to 31-10-2016 (both days inclusive).
2. Shares transfer received at the Company's Shares Registrar's Office, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 22, 2016 will be treated in time.
3. A member entitled to attend and vote at this meeting is entitled to appoint any other member as a proxy to attend, speak and vote instead of him/her. **A proxy must be a member.** Proxy Forms duly stamped with Rs.5/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
4. Any individual beneficial owners of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy must enclose an attested copy of his/ her CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.

5. For the convenience of Members, a Standard Request Form with appropriate details has been posted on the Company's website. Those Members who opt to receive the annual audited financial statements through CD/DVD/USB instead in the form of hardcopies may apply to the Company Secretary at his postal or email address ehsan@maqboolgroup.com

6. Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier and also communicate to the Company immediately of any change in their addresses.

7. Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill in the requisite form available on the website of the Company (maqbool@maqboolgroup.com) and submit to the registered address of the Company within ten (10) days before holding of annual general meeting. If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 days prior to the date of meeting, the Company will arrange Video Conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of the Video Conference facility at least five (05) days before the date of general meeting along with complete information necessary to enable them to access such facility.

Statement of Material Facts under Section 160(1)(b) of the Companies Ordinance 1984 relating to the Special Business referred to in Clause 5 of the AGM Notice above:

1. This statement sets out the material facts concerning the following Special Business to be transacted at the Annual General Meeting of Shareholders of Maqbool Textile Mills Ltd. to be held on October 29, 2016.

   The following directors of the Company hold the significant shareholding in the associated undertakings and are also on their Board:

   1. Mian Tanvir Ahmad Sheikh
   2. Mian Anis Ahmad Sheikh
   3. Mian Idrees Ahmad Sheikh
   4. Mian Aziz Ahmad Sheikh
   5. Mian Atta Shafi Tanvir Sheikh

   The Board of Directors of the Company had approved the transactions of purchases & sales with associated undertakings in the year 2014 & 2015 as mentioned in proposed resolution & the Notice of Annual General of the Company to be held on 31st October 2016. However, now the Company intends to approve & pass the resolution approving the said transactions which were overlooked in 2014 & 2015 in terms of Section 193,196,214 & 216 of the Companies Ordinance 1984.

   The Auditors of the Company M/s Deloitte Yousuf Adil, Chartered Accountants, have expressed their opinion that all transactions with associated undertakings have been carried out at normal commercial term and has been stated at Note 34.1 of the audited financial statements of the Company for the year ended June 30, 2014 & Note 33.1 of the audited financial statements of the Company for the year ended June 30, 2015.

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders,

On behalf of the Board of Directors of the Company, it is my privilege to present before you the 27th Annual Report on the affairs of your Company along with the Audited Accounts for the financial year ended June 30, 2016.

PERFORMANCE:

The overall performance of the Company mostly remained depressed during the year under report. The overall international economic slump continued resultantly the exports of the Textile Sector declined and the local market remained in depression as well. Further the increase in overhead costs i.e. Minimum Wage Rate badly affected the margins of the Company which resulted into net after tax loss to the Company for the Year Ended June 30, 2016.

The total production of yarn during the year under review at 20's count basis was 18,763,072 Kgs as compared to 17,204,211 Kgs last year. The total sales for the year amounted to **Rs.4,280,589,829/-** as compared to **Rs.4,014,689,127/-** last year. The gross profit for the year was **Rs.227,277,237/- as compared to Rs. 235,832,483/- last year. The decrease in Gross Profit was mainly due to factors stated above. The** Net Loss after providing for Taxation amounted to **Rs.60,367,736/- as compared to the Net Loss of Rs. 66,697,813/- last year.**

The financial results for the year ended June 30, 2016 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

ACCOUNTS:

	2016 **Rupees**	2015 **Rupees**
Sales- net	4,280,589,829	4,014,689,127
Cost of goods sold	(4,253,312,592)	(3,778,856,644)
Gross Profit	222,277,237	235,832,483
Other Income	7,562,161	6,642,188
	234,839,398	237,475,177
Distribution and marketing expenses	(66,751,032)	(96,369,438)
Administrative Expenses	(103,668,429)	(99,384,770)
Finance Cost	(96,357,625)	(100,687,511)
Loss before Taxation	(31,343,240)	(53,965,048)
Provision for Taxation	(29,024,496)	(12,732,765)
Loss for the year	(60,367,736)	(66,697,813)
Loss per share- basic and diluted	**(3.59)**	**(3.97)**

FUTURE OUTLOOK

Your Directors hope that the cotton crop will InshaAllah be better this year both quantitatively & qualitatively. The global cotton market is currently stabilizing. Though the domestic prices of yarn are still bearish due import of significant quantity from India which should be stopped to safeguard the local textile spinning industry.

It may be noted that Electricity is now constantly provided to Textile Sector due to which mills are working on three shifts basis. Now the Industry is also provided with a relief of Rs. 3/- Per Unit on Electricity. However, the relief is inclusive of Fuel Price Adjustment.

Despite the full time availability of Electricity to Textile Sector, the textile unit running in the country on gas plant & availability of RLNG at lesser cost has created un-competitiveness in the sector which needs to be addressed by the Government. The Govt. must also take suitable measures to save the domestic Textile Industry from these challenges especially to make the Punjab based Mills at par with the Sindh based ones.

OPERATIONS OF GINNING UNIT

During the year operations of Ginning Unit of the Company remained suspended due non competitive prices of raw material & poor quality of phutty in the surrounding areas.

EXPORTS

The Company made total exports of yarn valuing **Rs. 1,541,853,206 Million** during the year under report as compared to the Exports valuing **Rs. 1,904,724,213 Million** in the previous year. The Increase of 28.85 % in export sales during the year was due to availability of better yarn prices in the International market.

DIVIDEND

Keeping in view the net loss for the year ended June 30, 2016 your directors decided not to distribute any dividend for the year ended 30.06.2016.

ISO 9001:2000 QMS AND ISO 14001:1996 EMS CERTIFICATION:

The company has successfully maintained its ISO 9001:2000 certification for Quality Management System and the ISO 14001:1996 certification for Environmental Management System.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Your Directors are pleased to report that the Company is complying with the requirements of CCG as introduced by the Securities and Exchange Commission of Pakistan 2012. The board is committed to maintain a high standard of good Corporate Governance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance.

The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly listing regulations of Stock Exchanges.

Following are the statements on Corporate and Financial Reporting Framework:

1. The financial statements, prepared by the management of Maqbool Textile Mills Ltd. present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. Proper books of accounts of Maqbool Textile Mills Ltd. have been maintained.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these

financial statements and departures there from have been adequately disclosed.

5. The Board has set-up an effective internal audit function that are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
6. The system of internal controls is sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
9. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at 30 June, 2016, except for those disclosed in the financial statements.
10. Summary of key operating and financial data of the past six years is annexed.
11. Pattern of share holdings of the Company as at June 30, 2016 is annexed.
12. No trades in shares of the Company were carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year in the closed period.
13. The Board in compliance with the Code of Corporate Governance had established audit committee and Human Resource & Remuneration Committee comprising of three and four members respectively.

AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting Framework and Corporate Control. The Committee consists of three persons. Majority of members including Chairman of the Committee are non-executive directors.

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 Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal auditor.

During the year, four Audit Committee meetings were held and attendance was as follows:

Sr. No.	Name of Exec. Director	No. of meetings Attendance
1.	Mian Idrees Ahmad Sheikh - Chairman	4
2.	Mian Aziz Ahmad Sheikh Member	4
3.	Mian Atta Shafi Tanvir Sheikh	4

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit.

NO OUTSTANDING STATUTORY DUES:

There are no outstanding statutory dues on account of taxes, levies and charges except of normal and routine nature;

BOARD MEETINGS:

During the year ended June 30, 2016 four (4) meetings of the Board of Directors were held. Attendance of each Director is given below:

Director's Name	Meeting Attended
Mr. Mian Tanvir Ahmad Sheikh	4
Mr. Mian Anis Ahmad Sheikh	4
Mr. Mian Idrees Ahmad Sheikh	4
Mr. Mian Aziz Ahmad Sheikh	4
Mr. Mian Atta Shafi Tanvir Sheikh	4
Mr. Maj (R) Javed Musarrat	4
Mr. Syed Raza Abbas Jaffery	2

AUDITORS

Your Company's Auditors M/s Deloitte Yousuf Adil, Chartered Accountants retire and being eligible offers themselves for re-appointment for the next year.

RELATIONS WITH LABOUR AND STAFF

Your Directors are happy to report that relations with labour and staff of the Company remained cordial throughout the year.

ACKNOWLEDGEMENT

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from its banks namely as

M/s Habib Bank Limited

M/s Bank AL Habib Limited

M/s Habib Metropolitan Bank Limited

M/s United Bank Limited

M/s Faysal Bank Limited

M/s Bank Al-Falah Limied

M/s The Bank of Punjab

M/s Meezan Bank Limited

We wish to record their appreciation for the same and hope the Bankers will continue their support the Company in future as well.

The dedicated hard work of all employees of the Company is also acknowledged.

On behalf of the Board of Directors

Sd/-

MIAN TANVIR AHMAD SHEIKH

CHAIRMAN

Multan

October 04, 2016

SIX YEARS KEY OPERATING AND FINANCIAL DATA

	June 30, 2016	*June 30, 2015*	*June 30, 2014*	*June 30, 2013*	*June* 30, 2012	June 30, 2011 *Restated*
BALANCE SHEET						
Authorized Capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed & Paid Up Capital	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	84,000,000
Reserves	168,000,000	168000,000	42,000,000	42,000,000	42,000,000	42,000,000
Un-appropriated Profit/(Loss)	126,787,632	157,539,979	187,943,654	327,712,860	191,956,271	107,685,352
Total Equity	462,787,632	493,539,979	523,943,654	537,712,860	401,956,271	317,685,352
Surplus on revaluation of Property, plant and equipment	723,306,444	750,185,937	779,340,652	150,268,385	150,268,385	150,268,385
Liabilities						
Deferred/Long term	470,763,962	411,316,971	499,943,800	368,728,999	159,182,792	177,941,865
Short Term Liabilities	1,504,117,787	1,268,927,127	772,681,545	1,098,724,635	773,247,472	536,429,766
Total Liabilities	1,974,881,749	1,680,244,098	1,272,625,345	1,467,453,634	932,430,264	714,371,631
Total Equity & Liabilities	3,160,975,825	2,923,970,014	2,575,909,651	2,155,434,879	1,484,654,920	1,182,325,368
Fixed Assets						
Owned	1,850,281,415	1,773,697,267	1,790,826,163	951,646,443	651,186,126	669,489,745
Long Term Deposits	5,668,939	5,668,939	5,668,939	5,654,639	5,654,639	5,654,639
Current Assets	1,305,025,471	1,144,603,808	779,414,549	1,198,122,497	827,814,155	506,891,738
Total Assets	3,160,975,825	2,923,970,014	2,575,909,651	2,155,434,879	1,484,654,920	1,182,325,368
,						
PROFIT & LOSS ACCOUNT						
Turnover (net)	4,280,589,829	4,014,689,127	4,928,43,523	4,554,284,139	3,421,881,369	3,970,775,521
Gross Profit	227,277,237	235,832,483	335,124,201	493,376,536	348,113,332	383,243,744
Operating Profit/(Loss)			38,489,046	217,062,351	150,083,240	178,731,116
Profit/(Loss) before taxation	(38,905,401)	(60,609,236)	73,074,117	236,370,101	166,768,755	179,152,669
Taxation	(29,024,496)	(12,732,765)	(37,082,522)	(62,813,512)	(40,497,836)	(74,035,015)
Profit/(Loss) for the Year	(60,367,736)	(66,697,813)	35,991,595	173,556,589	126,270,919	105,117,654
DISTRIBUTION						
Cash Dividend %	NIL	NIL	NIL	27.50%	22.50%	25%
RATIOS						
Break up value (Rs)	27.55	29.38	31.19	32.01	23.92	18.90
Earning per share (Rs.)	(3.59)	(3.97)	2.14	10.33	7.52	6.26
Return on Equity (Rs)	(0.13)	(0.14)	0.07	0.32	0.31	0.33
Current Ratio	0.87:1	0.90:1	1.01:1	1.09:1	1.07:1	0.95:1
Debt / Equity Ratio without surplus	0.54	0.39	0.49	0.54	0.39	0.56
Debt / Equity Ratio with surplus	0.21	0.16	0.20	0.69	0.288	0.381
PLANT CAPACITY AND ACTUAL PRODUCTION						
Spinning Unit-I						
Spindles Installed and worked	18,672	18,336	18,336	18,336	18,336	18,336
Standard Production after conversion into 20/S Count (Kgs)	6,398,891	6,389,193	6,389,193	6,389,193	5,937,060	6,337,609
Actual production of yarn after conversion into 20/S Count (Kgs)	5,180,435	4,870,926	4,388,751	4,443,856	5,389,139	5,690,234
Spinning Unit # 2						
Spindles installed and worked	27,864	27,864	27,864	27,864	27,864	27,864
Standard production after conversion into 40's PC count (Kgs)	4,784,702	4,784,702	4,784,702	4,784,702	4,721,968	4,668,360
Actual production of Yarn after conversion into 40's PC count (Kgs)	4,166,657	3,636,009	3,723,721	3,706,671	4,302,034	4,480,780
Spinning Unit # 3						
Spindles installed and worked	23,904	23,904	23,904	23,904	-	-
Standard production after conversion into 20/S Count (Kgs)	7,018,741	7,018,741	7,018,741	5,290,445	-	-
Actual production of Yarn after conversion into 20/S Count (Kgs)	5,050,455	5,050,455	4,929,765	4,316,860	-	-

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Year Ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Maqbool Textile Mills Limited (the company) has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

S. No	Category	Name Of Directors
1	**Independent Director***	1. Mr. Maj (R) Javed Mussarat
2	**Executive Director**	1. Mr. Mian Tanvir Ahmad Sheikh 2. Mr. Mian Anis Ahmad Sheikh 3. Mr. Mian Atta Shafi Tanvir Sheikh
3	**Non-Executive Director**	1. Mr. Mian Idrees Ahmad Sheikh 2. Mr. Mian Aziz Ahmad Sheikh 3. Mr. Syed Raza Abbas Jaffery (Rep. NIT)

*The Independent Director meets the requirements as prescribed in PSX Rules Book.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

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

4. No casual vacancy occurring on the Board during the year ended June 30, 2016.

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

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

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. 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.

9. In accordance with the criteria specified in clause (xi) of the CCG-2012 four of the directors of the company are exempt from requirement of the Director's Training Program (DTP). During the year none of the directors of the company has participated in DTP organized by PICG duly approved Training Institute of the SECP. The Director's will participate in DTP with in specified time.

10. No new appointment of CFO/Company Secretary has been made during the year.

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

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

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has constituted the Audit committee. It comprises of three members, of whom one is executive & two are non-executive directors. The Chairman of the committee is also a non-executive Director.

Name	***Designation***
Mian Idrees Ahmad Sheikh	Chairman
Mian Aziz Ahmad Sheikh	Member
Mian Atta Shafi Tanvir Sheikh	Member

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

17. The board has constituted the Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive Directors while another one is executive Director. The Chairman of the committee is non-executive Director.

Name	**Designation**
Mian Aziz Ahmad Sheikh	Chairman
Mian Idrees Ahmad Sheikh	Member
Mian Atta Shafi Tanvir Sheikh	Member

18. The board has set up an effective internal audit function managed by suitably qualified & experienced personnel on full time basis and is conversant with policies and procedures of the Company.

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

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

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

    Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

22. We confirm that all material principles contained in the CCG have been complied with.

For & on behalf of the Board

Sd/-

Multan: October 4, 2016

MIAN TANVIR AHMAD SHEIKH

CHAIRMAN

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Maqbool Textile Mills Limited (the Company)for the year ended June 30, 2016 to comply with the Regulations of the Pakistan Stock Exchange Limited where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Dated: October 04, 2016
Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Maqbool Textile Mills Limited** (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

(a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) In our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

DELOITTE YOUSUF ADIL
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: 04.10.2016
Karachi

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,850,281,415	1,773,697,267
Long term deposits		5,668,939	5,668,939
		1,855,950,354	1,779,366,206
Current assets			
Stores and spares	6	39,862,479	35,418,131
Stock in trade	7	787,451,069	573,037,193
Trade debts	8	320,373,785	338,284,383
Loans and advances	9	20,083,521	27,233,968
Trade deposits and prepayments	10	221,803	441,409
Sale tax refundable		62,309,427	75,430,442
Advance tax		56,877,611	46,322,650
Cash and bank balances	11	17,845,776	48,435,632
		1,305,025,471	1,144,603,808
Total assets		**3,160,975,825**	**2,923,970,014**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12	168,000,000	168,000,000
General reserve		168,000,000	168,000,000
Unappropriated profit		126,787,632	157,539,979
		462,787,632	493,539,979
Surplus on revaluation of property, plant and equipment - net of deferred tax	13	723,306,444	750,185,937
Non-current liabilities			
Long term financing	14	179,922,306	134,401,352
Long term loans from related parties	15	56,363,637	51,239,670
Deferred liabilities	16	234,478,019	225,675,949
		470,763,962	411,316,971
Current liabilities			
Trade and other payables	17	198,387,360	236,005,012
Accrued mark up	18	25,606,195	19,405,768
Short term borrowings	19	1,182,593,348	913,368,442
Current portion of long term financing	14	70,530,090	59,519,266
Provision for tax		27,000,794	40,628,639
		1,504,117,787	1,268,927,127
Contingencies and commitments	20		
Total equity and liabilities		**3,160,975,825**	**2,923,970,014**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales - net	21	4,280,589,829	4,014,689,127
Cost of goods sold	22	(4,053,312,592)	(3,778,856,644)
Gross profit		227,277,237	235,832,483
Other income	23	7,562,161	6,644,188
		234,839,398	242,476,671
Distribution cost	24	66,751,032	96,369,438
Administrative expenses	25	103,073,981	99,384,770
		(169,825,013)	(195,754,208)
Finance cost	26	(96,357,625)	(100,687,511)
Loss before taxation		(31,343,240)	(53,965,048)
Taxation	27	(29,024,496)	(12,732,765)
Loss after taxation		**(60,367,736)**	**(66,697,813)**
Loss per share - basic and diluted	28	**(3.59)**	**(3.97)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Loss for the year	(60,367,736)	(66,697,813)
Other comprehensive income:		
Items that will not be reclassified to profit or loss account		
Remeasurement on defined benefit obligation	349,900	485,771
Deferred tax impact	(68,087)	(96,260)
	281,813	389,511
Total comprehensive income for the year	**(60,085,923)**	**(66,308,302)**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(31,343,240)	(53,965,048)
Adjustments for:		
Depreciation on property, plant and equipment	90,001,065	89,795,784
Provision for staff retirement benefits - gratuity	14,734,213	14,601,712
Finance cost	96,357,625	100,687,511
	201,092,903	205,085,007
Operating cash flows before working capital changes	169,749,663	151,119,959
(Increase) / decrease in current assets		
Stores and spares	(4,444,348)	(2,511,289)
Stock in trade	(214,413,876)	(236,152,982)
Trade debts	17,910,598	(45,708,088)
Loans and advances	7,150,447	100,911
Trade deposits and prepayments	219,606	(18,000)
Tax refunds due from government	13,121,015	(43,442,803)
Other receivable	-	20,000,000
	(180,456,558)	(307,732,251)
Increase / (decrease) in current liabilities		
Trade and other payables (excluding unclaimed dividend)	(34,111,420)	46,310,550
Cash used in operations	(44,818,315)	(110,301,742)
Income tax paid	(49,585,448)	(42,204,508)
Gratuity paid	(6,818,100)	(15,905,313)
Finance cost paid	(85,033,232)	(98,637,909)
	(141,436,780)	(156,747,730)
Net cash used in operating activities	(186,255,095)	(267,049,472)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(166,585,213)	(83,558,372)
Disposal of property, plant and equipment	-	5,889,990
Net cash used in investing activities	(166,585,213)	(77,668,382)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	116,051,044	-
Repayment of long term financing	(59,519,266)	(62,073,016)
Short term borrowings - net	269,224,906	434,137,427
Dividend paid	(3,506,232)	(405)
Net cash generated from financing activities	322,250,452	372,064,006
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(30,589,856)	27,346,152
Cash and cash equivalents at beginning of the year	48,435,632	21,089,480
Cash and cash equivalents at end of the year	**17,845,776**	**48,435,632**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	General reserve	Unappropriated profit	Total
	----------------	----------------	Rupees	----------------
Balance as at July 01, 2014	168,000,000	168,000,000	187,943,654	523,943,654
Loss for the year	-	-	(66,697,813)	(66,697,813)
Other comprehensive income for the year - net of deferred tax	-	-	389,511	389,511
Total comprehensive income for the year	-	-	(66,308,302)	(66,308,302)
Surplus transfer to unappropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	25,144,297	25,144,297
Transfer of present value adjustment on long term loans from related parties	-	-	10,760,330	10,760,330
Balance as at June 30, 2015	168,000,000	168,000,000	157,539,979	493,539,979
Loss for the year	-	-	(60,367,736)	(60,367,736)
Other comprehensive income for the year - net of deferred tax	-	-	281,813	281,813
Total comprehensive income for the year	-	-	(60,085,923)	(60,085,923)
Surplus transfer to unappropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	29,333,576	29,333,576
Balance as at June 30, 2016	**168,000,000**	**168,000,000**	**126,787,632**	**462,787,632**

The annexed notes from 1 to 36 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. GENERAL INFORMATION

1.1 Maqbool Textile Mills Limited (the "Company") was incorporated in Pakistan on December 03, 1989 as a public limited company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange.The registered office of the Company is situated at 2-Insudtrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's manufacturing facilities are located at District Muzaffar Garh and District Toba Tek Singh, Pakistan.

2. 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 Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall prevail.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2016. 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 except for IFRS 13 "Fair Value Measurement".

IFRS 10 Consolidated Financial Statements — ***Effective from accounting period beginning on or after January 01, 2015***

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the control assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the control conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the control conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 Joint Arrangements — ***Effective from accounting period beginning on or after January 01, 2015***

IFRS 11 replaces IAS 31 Interest in Joint Ventu res and SIC 13 Jointly Controlled Entities Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 Disclosure of Interests in Other Entities — ***Effective from accounting period beginning on or after January 01, 2015***

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entitys interest in other entities and the effects of those interests on its financial statements.

IAS 27 (Revised 2011) Separate Financial Statements — ***Effective from accounting period beginning on or after January 01, 2015***

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) Investments in Associates and Joint Ventures — ***Effective from accounting period beginning on or after January 01, 2015***

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

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

3.2 IFRS 13 Fair Value Measurement — ***Effective from accounting period beginning on or after January 01, 2015***

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied. IFRS 13 is applied in preparation of these financial statements and disclosures have been made in note 5.1 & 29.7.

3.3 *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

The amendments relate to the following areas :

- The accounting for the effects of vesting conditions on cash-settled share-based payment transactions;

- The classification of share-based payment transactions with net settlement features for withholding tax obligations; and

- The accounting for a modification to the terms and conditions of a share-based payment that changes the transactions from cash-settled to equity-settled.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture

Effective date is deferred indefinitely. Earlier adoption is permitted.

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.

- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or join venture. similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associated or joint venture.

The amendments apply prospectively to transactions occurring in annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception

Effective from accounting period beginning on or after January 01, 2016

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively.

Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations

Effective from accounting period beginning on or after January 01, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.
A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

Entities should apply the amendments prospectively.

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative

Effective from accounting period beginning on or after January 01, 2016

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgment. Certain key highlights in the amendments are as follows:

An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.

In the other comprehensive income, section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following terms:

- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and
- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

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

The amendments are part of the IASB's Disclosure Initiative project and introduce additional disclosure requirements intended to address investors' concerns that financial statements do not currently enable them to understand the entity's cash flows; particularly in respect of the management of financing activities.

The amendments require disclosure of information enabling users financial statements to evaluate changes in liabilities arising from financing activities. The amendments do not define financing activities, instead they clarify that financing activities are based on the existing definition used in IAS 7.

Although there is no specific format required to comply with the new requirements, the amendments include illustrative examples to show how an entity can meet the objective to these amendments.

The amendments are to be applied prospectively. Entities are not required to present comparative information for earlier periods.

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

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.
The amendments also clarify that:

- The carrying amount of an assets does not limit the estimation of probable future taxable profits; and that

- when comparing deductible temporary differences with future taxable profits, the future taxable profits exclude tax deductions resulting ' from the reversal of those deductible temporary differences.

The amendments are to be applied retrospectively.

Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization

Effective from accounting period beginning on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively.

Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	***Effective from accounting period beginning on or after January 01, 2016***

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	***Effective from accounting period beginning on or after January 01, 2016***

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- Using the method as described in IAS 28 Investments in Associates and Joint ventures .

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The amendments apply retrospectively.

3.4 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 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 4.4.1, 4.4.12 and 4.4.14.

4.2 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.3 *Critical judgments and accounting estimates in applying the accounting policies*

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

In preparing these financial statements, the significant judgment made by the management in applying accounting policies include:

- useful lives of property, plant and equipment (notes 4.4.1 and 5.1)
- provision for staff retirement benefits (notes 4.4.12 and 16.2)
- provision for taxation (notes 4.4.11 and 27)
- revaluation of property, plant and equipment (notes 4.4.1 and 5.4)

4.4 *Summary of accounting policies*

4.4.1 *Property, plant and equipment*

Property, plant and equipment except freehold land, building on freehold land, plant and machinery and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land, building on freehold land, plant and machinery, generator and electric fittings and installations are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Freehold land is stated at revalued amount being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such asset is credited in 'Surplus on revaluation of property, plant and equipment' . A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred tax) is transferred directly to retained earnings / unapprpriated profit.

Depreciation on property, plant and equipment, except freehold land and capital work-in-progress, is charged to profit and loss account applying reducing balance method over the estimated useful lives of the assets at the rates shown in note 5.1 to the financial statements. Depreciation on additions is charged from the month the asset is available for use up to month immediately preceding the date of disposal.

Gains and losses on disposal of property, plant and equipment if any, are recognized in profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

4.4.2 Operating lease

Rental paid under operating lease are charged to profit and loss account on straight line basis over the period of lease.

4.4.3 Investments

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

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

4.4.4 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to profit and loss account directly.

4.4.5 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.4.6 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For amounts due from loans and advances to customers carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

Held to maturity financial investments

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Non - financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except stores and spares and stock in trade 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 recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4.7 Stores and spares

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.4.8 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as :

Raw material	Weighted average cost.
Material in transit	Cost accumulated up to balance sheet date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.
Waste	Net realizable value.

Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads. Cost of raw material consumed is accounted for by applying the annual average cost of both imported and local purchases.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated cost necessary to be incurred to effect such sale.

4.4.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

4.4.10 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 consist of cash in hand and balances with banks.

4.4.11 *Taxation*

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or provisions of minimum tax, or provisions of alternative corporate tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred taxation is recognized, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

4.4.12 *Staff retirement benefits - gratuity*

The main features of the scheme operated by the Company for its employees are as follows:

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2016 using Projected Unit Credit Method. The following significant assumptions have been used for valuation of defined benefit obligation of the company:

	2016	***2015***
- Discount rate	7.25%	9.50%
- Expected increase in eligible salary	6.25%	8.50%
- Average expected remaining working life time	9 years	9 years
- Mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

4.4.13 *Revenue recognition*

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Profit from investment is recognized on time apportioned basis using effective rate of interest.

4.4.14 *Foreign currency translation*

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the period.

4.4.15 Borrowing costs

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 or sale, are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

4.4.16 Dividend

Dividend distribution to the Companys shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Companys shareholders .

4.4.17 Related party transactions

Sales, purchases and other transactions with related parties are carried out on agreed terms and conditions.

4.4.18 Trade and other payables

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

4.4.19 Provisions

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

4.4.20 Earning per share

The Company presents basic and diluted earnings per shares (EPS). Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating assets	5.1	1,849,725,973	1,773,392,960
Capital work-in-progress	5.3	555,442	304,307
		1,850,281,415	1,773,697,267

5.1 Operating assets

Particulars	Cost / Revalued amount			Accumulated depreciation			Net book value	Rate
	At July 01, 2015	Additions	At June 30, 2016	At July 01, 2015	For the year	At June 30, 2016	At June 30, 2016	%
	Rupees							
Land - freehold	230,369,000	-	230,369,000	-	-	-	230,369,000	-
Buildings on freehold land	423,658,961	533,334	424,192,295	21,182,948	20,126,313	41,309,261	382,883,034	5
Plant and machinery	1,298,314,120	158,051,045	1,456,365,165	251,895,869	55,765,551	307,661,420	1,148,703,745	5
Generator	13,821,204	1,253,099	15,074,303	2,010,595	1,261,969	3,272,564	11,801,739	10
Electric fittings and installations	72,270,576	5,497,265	77,767,841	19,372,850	8,363,442	27,736,292	50,031,549	15
Tools and equipments	1,311,611	87,125	1,398,736	378,543	95,421	473,964	924,772	10
Office equipments	8,583,093	336,633	8,919,726	3,260,984	558,010	3,818,994	5,100,732	10
Telephone installations	3,122,221	9,500	3,131,721	1,145,955	198,101	1,344,056	1,787,665	10
Furniture & fixtures	7,877,831	461,177	8,339,008	4,133,596	386,432	4,520,028	3,818,980	10
Arms & ammunitions	877,795	-	877,795	105,366	77,243	182,609	695,186	10
Weighing scales	1,734,439	28,000	1,762,439	1,218,022	52,983	1,271,005	491,434	10
Tube well	1,094,476	-	1,094,476	624,814	46,966	671,780	422,696	10
Fire extinguishing equipments	1,683,942	8,200	1,692,142	877,945	81,010	958,955	733,187	10
Vehicles	36,796,153	68,700	36,864,853	21,914,975	2,987,624	24,902,599	11,962,254	20
	2,101,515,422	166,334,078	2,267,849,500	328,122,462	90,001,065	418,123,527	1,849,725,973	

For comparative period

Particulars	Cost / Revalued amount			Accumulated depreciation			Net book value	Rate
	At July 01, 2014	Additions / (Disposal)	At June 30, 2015	At July 01, 2014	For the year	At June 30, 2015	At June 30, 2015	%
	---------- Rupees ----------							
Land - freehold	230,369,000	-	230,369,000	-	-	-	230,369,000	-
Buildings on freehold land	413,877,001	9,781,960	423,658,961	-	21,182,948	21,182,948	402,476,013	5
Plant and machinery	1,242,904,605	55,409,515	1,298,314,120	198,299,603	53,596,266	251,895,869	1,046,418,251	5
Generator	13,659,614	161,590	13,821,204	709,614	1,300,981	2,010,595	11,810,609	10
Electric fittings and installations	68,585,323	15,302,836	72,270,576	11,495,324	8,603,625	19,372,850	52,897,726	15
		(11,617,583)			(726,099)			
Tools and equipments	1,024,021	287,590	1,311,611	292,729	85,814	378,543	933,068	10
Office equipments	8,019,734	563,359	8,583,093	2,699,288	561,696	3,260,984	5,322,109	10
Telephone installations	2,893,781	228,440	3,122,221	939,541	206,414	1,145,955	1,976,266	10
Furniture & fixtures	7,869,681	8,150	7,877,831	3,718,022	415,574	4,133,596	3,744,235	10
Arms & ammunitions	394,695	483,100	877,795	49,913	55,453	105,366	772,429	10
Weighing scales	1,716,939	17,500	1,734,439	1,161,597	56,425	1,218,022	516,417	10
Tube well	1,035,476	59,000	1,094,476	578,638	46,176	624,814	469,662	10
Fire extinguishing equipments	1,526,392	157,550	1,683,942	797,828	80,117	877,945	805,997	10
Vehicles	36,002,678	793,475	36,796,153	18,310,680	3,604,295	21,914,975	14,881,178	20
	2,029,878,940	**83,254,065**	**2,101,515,422**	**239,052,777**	**89,795,784**	**328,122,462**	**1,773,392,960**	
		(11,617,583)			**(726,099)**			

5.2 ***The following assets were disposed off during last year***

Description	*Cost*	*Accumulated depreciation*	*Carrying value*	*Claim*	*Loss*	*Mode of disposal*	*Particulars of buyers*
	---------------	---------------	(Rupees)	---------------	---------------		
Electric fittings and installations	11,617,583	726,099	10,891,484	5,889,990	(5,001,494)	Insurance claim	Consortium of insurance companies
	11,617,583	**726,099**	**10,891,484**	**5,889,990**	**(5,001,494)**		

5.3 Capital work-in-progress includes plant and machinery related items.

	Note	2016 Rupees	2015 Rupees
5.4 *Allocation of depreciation*			
Cost of goods sold	22	85,712,645	85,071,543
Administrative expenses	25	4,288,420	4,724,241
		90,001,065	89,795,784

5.5 Revaluation of freehold land was carried out as on March 18, 2009 by independent valuer M/s Consultancy (Pvt.) Limited on the basis of depreciated replacement value.

Further, the Company has revalued its freehold land, building on free hold land and machinery including generator & electric fittings that was carried out as on June 30, 2014 by independent valuer M/s K. G. Traders (Pvt.) Limited on the basis of depreciated replacement value. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment. The basis used for the revaluation of these assets were as follows:

Freehold land and building on free hold land

Fair market value of the land was assessed through inquiries from various estate agents, brokers and builders / developers and keeping in view the location of the property, its size, status, utilization, cost of new construction, construction standard, depreciation cost factor, state of infrastructure and current trends in prices of real estate in the vicinity of the property.

Plant and machinery

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

5.6 Had there been no revaluation the related carrying amounts of freehold land, building and machinery would have been as follows:

	Note	2016 Rupees	2015 Rupees
Land - freehold		31,787,994	31,787,994
Buildings on freehold land		118,571,035	124,252,856
Plant and machinery		782,213,368	660,638,907
Generator		5,191,937	4,466,384
Electric fittings and installations		35,943,851	36,323,964
		973,708,185	857,470,105

6. *STORES AND SPARES*

Stores and spares		33,715,133	29,623,361
Packing material		6,147,346	5,794,770
		39,862,479	35,418,131

7. *STOCK IN TRADE*

Raw materials	7.1	449,003,590	333,329,334
Work in process		49,062,672	39,556,000
Finished goods:			
- Yarn	7.2	286,447,858	193,606,273
- Waste		2,936,949	6,545,586
		289,384,807	200,151,859
		787,451,069	573,037,193

7.1 Net realizable value of raw material was lower than its cost, which resulted in write down of Rs. nil (2015: 36.67 million).

7.2 Net realizable value of finished goods was lower than its cost, which resulted in write down of Rs. 7.72 million (2015: Rs. 14.66 million).

	Note	2016 Rupees	2015 Rupees
8. TRADE DEBTS			
Considered good			
Export - secured	8.1	104,667,869	138,733,918
Local - unsecured	8.2	215,705,916	199,550,465
		320,373,785	338,284,383
		320,373,785	**338,284,383**

8.1 Export trade receivable are realized on early discounting or retirement of L/C upon 90-120 days.

8.2 Local trade receivables are non-interest bearing and are generally on 15 to 25 day terms.

8.3 Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate.

8.4 Trade debts include debtors with a carrying amount of Rs. 2.16 million (2015: Rs. 0.92 million) which are past due at the reporting date but not impaired as there has not been any significant change in credit quality and the amounts are still considered recoverable.

8.4.1 Aging of amounts past due but not impaired

	Note	2016 Rupees	2015 Rupees
90 - 120 days		25,092	-
120 days and above		2,136,012	926,009
		2,161,104	**926,009**

	Note	2016 Rupees	2015 Rupees
9. LOANS AND ADVANCES			
Advance to suppliers - considered good		10,703,053	17,691,936
Advance to suppliers - considered doubtful		1,794,628	1,794,628
		12,497,681	19,486,564
Provision for doubtful suppliers		(1,794,628)	(1,794,628)
		10,703,053	17,691,936
Advance for spinning unit on operating lease	9.1	5,040,048	5,040,048
Advance to employees - considered good		3,492,399	3,653,963
Minimum tax deposited under protest		848,021	848,021
		20,083,521	**27,233,968**

9.1 The amount relates to advance given for spinning unit on operating lease in financial year ended June 30, 2013. The spinning unit for which this advance amount had been given is now under the ownership of the Company

	Note	2016 Rupees	2015 Rupees
10. TRADE DEPOSITS AND PREPAYMENTS			
Electricity charges paid under protest		-	219,606
Prepayments		221,803	221,803
		221,803	**441,409**
11. CASH AND BANK BALANCES			
Cash in hand		7,314,206	1,641,223
Cash at banks - current accounts		10,531,570	46,794,409
		17,845,776	**48,435,632**

12. SHARE CAPITAL

2016	2015		Note	2016	2015
Number of shares				Rupees	Rupees
		Authorized			
20,000,000	**20,000,000**	Ordinary shares of Rs. 10 each		**200,000,000**	200,000,000
		Issued, subscribed and paid up			
16,800,000	**16,800,000**	Ordinary shares of Rs. 10 each fully paid in cash		**168,000,000**	168,000,000

12.1 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13. SURPLUS ON REVALUTAION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED TAX

	Note	2016 Rupees	2015 Rupees
Opening balance		886,501,494	936,807,384
On account of disposal of assets during the year - net of tax	13.1	-	(8,733,271)
On account of incremental depreciation charged during the year - net of tax		(29,333,576)	(31,604,206)
Related deferred tax liability on incremental depreciation		(7,087,036)	(9,968,413)
		(36,420,612)	(50,305,890)
Closing balance		850,080,882	886,501,494
Less: related deferred tax liability			
Opening balance		136,315,557	157,466,732
Related deferred tax liability on incremental depreciation		(7,087,035)	(9,968,413)
Deferred tax due to rate change		(2,454,084)	(11,182,762)
		126,774,438	136,315,557
Closing balance		**723,306,444**	**750,185,937**

13.1 Revaluation surplus amounting to Rs. 10.90 million pertains to an asset derecognized during last year.

14. LONG TERM FINANCING

From banking companies - secured	*Note*	*2016 Rupees*	*2015 Rupees*
Habib Bank Limited			
- Demand Finance	14.1	10,000,050	20,000,100
- Demand Finance - II	14.2	80,000,002	106,666,668
- LTFF - EOP	14.3	10,000,050	20,000,100
- LTFF	14.4	116,051,044	-
		216,051,146	146,666,868
Bank Al-Habib Limited			
- Term Finance	14.5	20,781,250	29,093,750
- Term Finance - II	14.6	13,620,000	18,160,000
		34,401,250	47,253,750
		250,452,396	193,920,618
Current portion		(70,530,090)	(59,519,266)
		179,922,306	**134,401,352**

14.1 Habib Bank Limited - Demand Finance

This finance has been obtained from Habib Bank Limited (HBL) to retire LC for import of textile machinery. The loan is repayable in 8 equal half yearly installments commencing from November 20, 2013. It carries markup at the rate 6 months KIBOR + 1.70%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

14.2 Habib Bank Limited - Demand Finance II

This finance has been obtained from Habib Bank Limited (HBL) to acquire the fixed assets (Land, Building and Machinery) of Accord Textiles Limited (ATL) under the arrangements of settlement of entire liability of ATL. The loan is repayable in 12 equal half yearly installments. This finance is interest free and is secured against equitable mortgage charge of Rs. 160 million over the fixed assets of newly acquired spinning unit from ATL and personal guarantees of directors of the Company.

14.3 Habib Bank Limited - LTFF - EOP

This finance has been obtained from Habib Bank Limited (HBL) to import textile machinery under the SBP Scheme of LTFF/EOP project. The loan is repayable in 8 equal half yearly installments commencing from November 20, 2013. It carries markup at 11.1%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

14.4 Habib Bank Limited - LTFF

This finance has been obtained from Habib Bank Limited (HBL) for BMR / expansion. The loan is repayable in 8 equal half yearly installments with 1 year grace period. It carries markup at 6 months KIBOR + 1% (2015: nil). This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

14.5 Bank Al-Habib Limited - Term Finance

This finance has been obtained for repayment of shipping documents under LCs limits. The loan was obtained on June 12, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commencing from June 12, 2015 and is secured against 1st exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged ranging from 8.02 % to 8.50 %. (2015: 11.64% to 11.65%)

14.6 Bank Al-Habib Limited - Term Finance II

This finance has obtained for repayment of shipping documents under LCs limits. The loan was obtained on July 06, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commencing from July 06, 2015 and is secured against first exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged ranging from 8.02 % to 8.50 %. (2015: 11.62%)

	Note	2016 Rupees	2015 Rupees
15. LONG TERM LOANS FROM RELATED PARTIES			
Interest free loans from Directors and Chief Executive	15.1	62,000,000	62,000,000
Less: present value adjustment		10,760,330	10,760,330
		51,239,670	**51,239,670**
Add: unwinding of discount	26	5,123,967	-
		56,363,637	**51,239,670**

15.1 The Company entered into agreements with various related parties (directors / chief executive) in their capacity as sponsors, whereby the repayment of loans was deferred for a period of three years. The loans are interest free, unsecured and are repayable in full at the end of three-year period unless further extended by mutual agreement. Using the discount rate of 10% per annum, the fair value of the loans was estimated at Rs. 51.23 million. The difference of Rs. 10.76 million, between the gross proceeds and the fair value of loans was recognized in equity through a transfer to unappropriated profit (the unamortized portions is not available for distribution). During the year, the unwinding of discount (i.e., unwinding of the difference between present value on initial recognition and the amount received) amounting to Rs. 5.12 million is recognized in profit and loss account using the effective interest method.

	Note	2016 Rupees	2015 Rupees
16. DEFERRED LIABILITIES			
Deferred taxation	16.1	213,690,769	212,454,912
Staff retirement benefits - gratuity	16.2	20,787,250	13,221,037
		234,478,019	**225,675,949**

16.1 The deferred taxation comprises of:

	2016	2015
Taxable temporary differences on:		
Surplus on revaluation of property, plant and equipment	126,774,438	136,315,557
Accelerated tax depreciation on property, plant and equipment	91,310,507	79,114,799
	218,084,945	215,430,356
Deductible temporary differences on:		
Provision for staff retirement benefits - gratuity	(4,044,962)	(2,619,828)
Provision against doubtful advances	(349,214)	(355,616)
	213,690,769	**212,454,912**

16.2 Staff retirement benefits - gratuity	Note	2016 Rupees	2015 Rupees
Liability recognized in the balance sheet			
Present value of defined benefit obligation		**20,787,250**	**13,221,037**
Movement in liability for defined benefit obligation			
Opening balance		13,221,037	15,010,409
Charge for the year		14,734,213	14,601,712
Actuarial gain		(349,900)	(485,771)
Benefits paid during the year		(6,818,100)	(15,905,313)
Provision for gratuity		**20,787,250**	**13,221,037**
Change in present value of defined benefit obligation			
Opening defined benefit obligation		13,221,037	15,010,409
Current service cost for the year		13,802,074	13,666,560
Interest cost for the year		932,139	935,152
Benefits paid during the year		(6,818,100)	(15,905,313)
Remeasurement of plan obligation		(349,900)	(485,771)
		20,787,250	**13,221,037**
Charge for the year			
Current service cost		13,802,074	13,666,560
Interest cost		932,139	935,152
		14,734,213	**14,601,712**
Charge for the year has been allocated as follows:			
Cost of goods sold	22.2	13,829,598	8,550,039
Administrative expenses	25.1	904,615	6,051,673
		14,734,213	**14,601,712**
Total remeasurements chargeable to other comprehensive income			
Remeasurement of plan obligation:			
Experience adjustments		**(349,900)**	**(485,771)**
Maturity profile			
Average duration of liability		8 Years	10 Years

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 19.08 million.

Sensitivity analysis as at June 30, 2016

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 100 basis points higher / (lower), the defined benefit obligation would decrease by Rs. 2,327,019 / (increase by Rs. 2,891,100).

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 2,891,100 / (decrease by Rs. 2,327,019).

Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the balance sheet.

	Note	2016 Rupees	2015 Rupees
17. TRADE AND OTHER PAYABLES			
Creditors		102,659,771	103,855,558
Advance payments		2,763,475	4,504,958
Accrued liabilities		64,805,862	97,819,027
Withholding tax payable		5,840,197	4,922,024
Unclaimed dividend		5,088,673	8,594,905
Workers' profit participation fund	17.1	3,032	3,032
Workers' welfare fund		15,779,115	15,779,115
Others		1,447,235	526,393
		198,387,360	**236,005,012**
17.1 Workers' profit participation fund			
Opening balance		3,032	3,366,662
Interest on funds utilized		257	101,370
		3,289	3,468,032
Paid during the year		-	(3,465,000)
		3,289	3,032
Allocation for the year		-	-
		3,289	**3,032**
18. ACCRUED MARKUP			
Accrued mark-up on:			
- Long term financing		2,829,202	7,916,675
- Short term borrowings		22,776,993	11,489,093
		25,606,195	**19,405,768**
19. SHORT TERM BORROWINGS			
Secured - under markup arrangements			
Running finance	19.1	652,865,507	564,247,169
Cash finance	19.2	496,261,199	349,121,273
Murabaha finance	19.3	33,466,642	-
		1,182,593,348	**913,368,442**

19.1 These running finance facilities have been obtained from Bank for working capital requirements, and are secured against personal guarantee of directors and joint pari passu charge over current assets of the Company.

Running finance facilities carry mark up at the rates ranging from 2.25% to 10.91% per annum (2015: 2.00% to 11.92% per annum).

19.2 These facilities have been obtained from Bank for working capital requirements, and are secured against pledge of cotton bales, MM fiber, and yarn in lock and key under bank's muccaddum.

Cash finance facilities carry mark up at the rates ranging from 6.85% to 8.49% per annum (2015: 7.54% to 11.92% per annum).

19.3 This facility has been obtained from Bank for working capital requirements, and are secured against joint pari passu charge over present and future current assets of the Company and personal guarantee of directors of the Company. This facility carries profit at the rate of respective KIBOR + 1.15% per annum (2015: nil).

These facilities are expiring on various dates by January 31, 2016.

19.4 Short term borrowings are available from various commercial banks under mark-up arrangements aggregating to Rs. 2,870 million (2015: Rs. 2,845 million) of which facilities remained un-utilized at the year end amounted to Rs. 1,687 million (2015: 1,932). Facilities available for opening letters of credit and guarantee aggregate to Rs. 330 million (2015: Rs. 335 million) of which facilities remained un-utilized at the year end were Rs. 323.94 million (2015: Rs. 171.79 million).

20. CONTINGENCIES AND COMMITMENTS

Contingencies

20.1 The Company during the year ended September 30, 1999, filed a writ petition with the Lahore High Court Multan Bench against the Chairman Administrator Town Committee Muzaffargarh praying that the respondent be ordered to implement the orders of the Lahore High Court regarding the refund of the Zila Tax collected from the petitioner to the tune of Rs. 0.88 million. In this respect an amount of Rs. 0.16 million has been received against Zila Tax. The refund of the balance amount of Rs. 0.72 million is still pending.

20.2 The Company has imported textile machinery availing exemption from custom duty and sales tax on importation thereof under S.R.Os 554(1)/98, 987(1)/99 and 369(1)/2000. The Company has submitted indemnity bonds to the Customs Authorities in this regard. In case the conditions of aforementioned S.R.Os are violated, the amount of customs duty and sales tax exempted aggregating Rs. 65.28 million shall be recoverable by the Customs Authorities along with such penalties imposed in this regard under Section 202 of the Customs Act, 1969.

Commitments

20.3 Commitments outstanding at the end of the year in respect of irrevocable letter of credit is Rs. 21.40 million (2015: 161.84 million) and letter of guarantees is Rs. 6.50 million (2015: Rs. 1.37 million).

	Note	2016 Rupees	2015 Rupees
21. SALES - NET			
Local			
Yarn		2,773,621,286	2,103,262,098
Waste		45,197,866	46,676,622
Doubling process income		2,019,000	2,197,800
		2,820,838,152	2,152,136,520
Export			
Yarn		1,541,853,206	1,904,724,213
		4,362,691,358	4,056,860,733
Sales tax		(82,101,529)	(42,171,606)
		4,280,589,829	**4,014,689,127**
22. COST OF GOODS SOLD			
Raw materials consumed	22.1	2,973,681,899	2,627,077,859
Salaries, wages and benefits	22.2	323,222,975	262,310,397
Stores consumed		40,100,487	67,094,124
Packing materials consumed		80,079,520	83,850,562
Power and fuel		597,461,770	582,741,202
Repair and maintenance		8,508,898	8,583,375
Insurance		10,414,248	11,229,051
Depreciation	5.4	85,712,645	85,071,543
Others		18,850	212,541
		4,119,201,292	3,728,170,654
Work-in-process			
Opening stock		39,556,000	34,616,000
Closing stock		(49,062,672)	(39,556,000)
		(9,506,672)	(4,940,000)
Cost of goods manufactured		4,109,694,620	3,723,230,654
Finished goods			
Opening stock		200,151,859	43,550,000
Purchases and purchase expenses		32,850,920	212,227,849
Closing stock		(289,384,807)	(200,151,859)
		(56,382,028)	55,625,990
		4,053,312,592	**3,778,856,644**
22.1 Raw materials consumed			
Opening stock		333,329,334	258,718,211
Purchases and purchase expenses		3,086,770,798	2,699,226,264
		3,420,100,132	2,957,944,475
Closing stock		(449,003,590)	(333,329,334)
		2,971,096,542	2,624,615,141
Cotton cess		2,585,357	2,462,718
		2,973,681,899	**2,627,077,859**

22.2 These include Rs. 13.83 million (2015: Rs. 8.55 million) in respect of staff retirement benefits.

	Note	2016 Rupees	2015 Rupees
23. OTHER INCOME			
Income from financial assets			
Exchange gain		5,446,821	4,692,537
Income from assets other than financial assets			
Miscellaneous income		458,360	1,951,651
Insurance claim		1,656,980	-
		2,115,340	1,951,651
		7,562,161	**6,644,188**
24. DISTRIBUTION COST			
Export expenses (including freight on export sales)		27,466,439	46,177,938
Commission		27,230,599	40,984,127
Export development surcharge		2,601,272	2,699,619
Freight, forwarding and others		9,452,722	6,507,754
		66,751,032	**96,369,438**
25. ADMINISTRATIVE EXPENSES			
Directors' meeting fee		90,000	90,000
Salaries and benefits	25.1	58,651,551	48,854,299
Vehicles running and maintenance		7,220,388	7,753,931
Traveling and conveyance		14,204,216	13,725,488
Printing and stationery		960,322	1,101,825
Communication		2,907,486	2,317,425
Electricity and gas		3,021,592	5,213,904
Rent, rates and taxes		296,007	415,574
Repairs and maintenance		2,490,364	4,103,553
Entertainment		1,136,478	968,864
Subscription		2,461,465	1,282,303
Insurance		1,091,806	1,387,543
Donation	25.2	1,711,500	4,533,567
Advertisement		67,850	151,300
Depreciation	5.4	4,288,420	4,724,241
Auditors' remuneration	25.3	650,000	650,000
Legal and professional		893,796	546,942
Others		930,740	1,564,011
		103,073,981	**99,384,770**

25.1 These include Rs. 0.90 million (2015: Rs. 6.05 million) in respect of staff retirement benefits.

25.2 None of the directors or their spouses had any interest in the donee's fund.

25.3 Auditors' remuneration

	Note	2016 Rupees	2015 Rupees
Statutory audit fee		500,000	500,000
Half yearly review		150,000	150,000
		650,000	**650,000**

	Note	2016 Rupees	2015 Rupees
26. FINANCE COST			
Mark up on:			
Long term financing		10,262,782	12,465,082
Short term borrowings		76,819,258	81,317,268
Interest on WPPF		-	101,370
		87,082,040	93,883,720
Unwinding of discount on long term loans from related parties	15	5,123,967	-
Bank charges		4,151,618	6,803,791
		96,357,625	**100,687,511**

	2016 Rupees	2015 Rupees
27. TAXATION		
Current		
Current taxation	42,805,898	40,628,639
Tax credit u/s 65B	(15,805,104)	-
	27,000,794	40,628,639
Deferred	3,621,854	(15,662,379)
Prior year adjustment	(1,598,152)	(12,233,495)
	29,024,496	**12,732,765**

27.1 Tax charge reconciliation

	2016	2015
Applicable tax rate	*32%*	*33%*
Loss before tax	**(31,343,240)**	**(53,965,048)**
Tax on accounting profit before tax	(10,029,837)	(17,808,466)
Effect of expenses that are not deductible in tax	(7,942,297)	1,496,077
Tax effect of previously unrecognized temporary differences	3,621,854	1,986,479
Effect of income chargeable at lower rate	60,778,033	39,292,170
Tax credit u/s 65B	(15,805,105)	-
Prior year adjustment	(1,598,152)	(12,233,495)
Current year provision	**29,024,496**	**12,732,765**

28. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2016	2015
Loss for the year	*Rupees*	(60,367,736)	(66,697,813)
Weighted average number of shares	*Number*	16,800,000	16,800,000
Loss per share - basic and diluted	*Rupees*	(3.59)	(3.97)

29. FINANCIAL RISK MANAGEMENT

29.1 The Company is exposed to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Companys overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Companys activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

29.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 483.38 million (2015: Rs. 541.82 million), the financial assets which are subject to credit risk amounted to Rs. 347.27 million (2015: Rs. 408.43 million). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

Credit risk of the Company arises principally from the trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2016 Rupees	2015 Rupees
Financial assets as per balance sheet		
Deposits	5,668,939	5,668,939
Trade debts	320,373,785	338,284,383
Loans and advances	10,703,053	17,691,936
Bank balances	10,531,570	46,794,409
	347,277,347	**408,439,667**

29.2.1 Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Companys exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

29.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Companys short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 29.3.3 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

29.3.1 Liquidity and interest risk table

The following tables detail the Companys remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective rate of interest (%)	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
		---- Rupees ----				
Financial liabilities						
Interest bearing						
Long term financing	*5.74 - 12.14*	-	70,530,090	179,922,306	-	250,452,396
Short term borrowings	*1.88 - 10.04*	-	1,182,593,348	-	-	1,182,593,348
Non interest bearing						
Trade and other payables		-	174,001,541	-	-	174,001,541
Accrued mark up		25,606,195	-	-	-	25,606,195
June 30, 2016		**25,606,195**	**1,427,124,979**	**179,922,306**	**-**	**1,632,653,480**
Financial liabilities						
Interest bearing						
Long term financing	*10.83 - 11.93*	-	59,519,266	134,401,352	-	193,920,618
Short term borrowings	*2.25 - 11.74*	-	913,368,442	-	-	913,368,442
Non interest bearing						
Trade and other payables		-	210,795,883	-	-	210,795,883
Accrued mark up		19,405,768	-	-	-	19,405,768
June 30, 2015		**19,405,768**	**1,183,683,591**	**134,401,352**	**-**	**1,337,490,711**

29.3.2 The following table details the Companys expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Companys liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
	---- Rupees ----					
Financial Assets						
Non interest bearing						
Deposits	-	-	-	5,668,939	-	5,668,939
Trade debts	-	320,373,785	-	-	-	320,373,785
Loans and advances	-	19,235,500	-	-	-	19,235,500
June 30, 2016	**-**	**339,609,285**	**-**	**5,668,939**	**-**	**345,278,224**
Financial Assets						
Non interest bearing						
Deposits	-	-	-	5,668,939	-	5,668,939
Trade debts	-	338,284,383	-	-	-	338,284,383
Loans and advances	-	26,385,947	-	-	-	26,385,947
June 30, 2015	**-**	**364,670,330**	**-**	**5,668,939**	**-**	**370,339,269**

29.3.3 *Financing facilities*

Secured bank loan facilities with various maturity dates through to 2016 and which may be extended by mutual agreement:

	2016 Rupees	2015 Rupees
- amount used	1,433,045,744	1,107,289,060
- amount un-used	1,888,364,656	1,931,631,558

29.4 *Market risk management*

Market risk is the risk that changes in market prices, 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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

29.4.1 *Interest rate risk management*

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR.

29.4.2 The exposure of the Companys borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2016 Rupees	2015 Rupees
- Short term borrowings	1,182,593,348	913,368,442
- Long term loans	44,401,300	67,253,850
	1,226,994,648	**980,622,292**

Borrowing that are not exposed to interest rate changes and contractual reprising amount to:

- Long term financing	90,000,052	126,666,768
- Long term loans from related parties	62,000,000	62,000,000
	152,000,052	**188,666,768**

29.4.3 *Interest rate sensitivity*

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Companys loss for the year would have been lower / higher by Rs. 12.70 million (2015: Rs. 9.21 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

29.5 *Foreign exchange risk management*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However currently, the Company's foreign exchange risk exposure is restricted to amounts receivable from foreign entities. As at June 30, 2016, the total foreign currency risk exposure was Rs. 104.67 million (2015: Rs. 138.73 million) in respect of trade debts only.

29.6 *Foreign currency sensitivity analysis*

At June 30, 2016, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, loss for the year would have been higher / lower by Rs. 10.47 million (2015: Rs. 13.87 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency trade debts.

29.7 *Determination of fair values*

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).
- Level 3 Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at above mentioned levels.

29.7.1 Fair value of non-financial asset measured at fair value

Fair value of property, plant and equipment

Freehold land, building on freehold land, plant and machinery, generator and electric fittings and installations are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. The fair value measurement of above stated assets was performed by an independent valuer M/s K.G. Traders (Pvt) Limited on June 30, 2014 on the basis of depreciated replacement value. The valuer is listed on the panel of Pakistan Banks Association and has proper qualification and experience in the fair value measurement.

	Level 1	*Level 2*	*Level 3*	*Tota l*
	-----------------------------	*Rupees*	-----------------------------	
As at June 30, 2016				
Land - freehold	-	230,369,000	-	230,369,000
Buildings on freehold land	-	382,883,034	-	382,883,034
Plant and machinery	-	1,148,703,745	-	1,148,703,745
Generator	-	11,801,739	-	11,801,739
Electric fittings and installations	-	50,031,549	-	50,031,549
As at June 30, 2015				
Land - freehold	-	230,369,000	-	230,369,000
Buildings on freehold land	-	402,476,013	-	402,476,013
Plant and machinery	-	1,046,418,251	-	1,046,418,251
Generator	-	11,810,609	-	11,810,609
Electric fittings and installations	-	52,897,726	-	52,897,726

There were no transfer between levels of fair value hierarchy during the year.

29.8 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below:

	2016	***2015***
Financial assets as per balance sheet	***Rupees***	***Rupees***
Loans and receivables		
Deposits	5,668,939	5,668,939
Trade debts	320,373,785	338,284,383
Loans and advances	19,235,500	26,385,947
Cash and bank balances	17,845,776	48,435,632
	363,124,000	**418,774,901**
Financial liabilities as per balance sheet		
Financial Liabilities measured at amortized cost		
Long term financing	179,922,306	134,401,352
Long term loans from related parties	56,363,637	51,239,670
Short term borrowings	1,182,593,348	913,368,442
Accrued mark up	25,606,195	19,405,768
Trade and other payables	111,959,154	117,481,814
	1,556,444,640	**1,235,897,046**

30. *CAPITAL RISK MANAGEMENT*

The Boards policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) to provide an adequate return to shareholders.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June were as follows:

	2016 *Rupees*	*2015* *Rupees*
Total debt	1,489,409,381	1,158,528,730
Less: cash and cash equivalents	(17,845,776)	(48,435,632)
Net debt	1,471,563,605	1,110,093,098
Total equity	1,186,094,076	1,243,725,916
Adjusted capital	**2,657,657,681**	**2,353,819,014**
Debt-to-adjusted capital ratio	**55%**	47%

The increase in the debt-to-equity ratio in 2016 resulted primarily due to increase in both short term and long term debts of the Company.

Neither there were any changes in the Companys approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

31. *REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR*

	Chief Executive	*Directors*	*Executives*	*Chief Executive*	*Directors*	*Executives*
Particulars	***June 30, 2016***			***June 30, 2015***		
Managerial remuneration	3,600,000	2,400,000	3,450,700	300,000	1,950,000	3,039,113
Utilities	498,250	437,780	-	492,119	415,332	-
	4,098,250	**2,837,780**	**3,450,700**	**792,119**	**2,365,332**	**3,039,113**
Number of persons	**1**	**1**	**3**	1	1	3

31.1. Chief Executive Officer and executive Directors are provided with Company maintained cars and utilities at residence.

31.2 Meeting fee amounting to Rs. 90,000 (2015: Rs.90,000) was paid to non-executive directors of the Company during the year.

32. *TRANSACTIONS WITH RELATED PARTIES*

32.1 Related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to associated undertakings are shown under-long term loans from related parties, as disclosed in note 15. Remuneration of key management personnel is disclosed in note 31. Other significant transactions with related parties are as follows:

Transaction with associated undertakings	2016 Rupees	2015 Rupees
Purchase of goods	-	95,762,979

32.2 All transactions with related parties have been carried out on agreed terms and conditions.

33 PLANT CAPACITY AND ACTUAL PRODUCTION

		2016	2015
Spinning Unit-1			
Spindles installed and worked	No.	18,672	18,336
Shift worked	No.	1,021	995
Standard production after conversion into 20's count	Kgs	6,398,891	6,389,193
Actual production of yarn after conversion into 20's count	Kgs	5,180,435	4,870,926
Spinning Unit-II			
Spindles installed and worked	No.	27,864	27,864
Shift worked	No.	1,002	873
Standard production after conversion into 40's PC count	Kgs	4,784,702	4,784,702
Actual production of yarn after conversion into 40's PC count	Kgs	4,166,657	3,636,009
Spinning Unit-III			
Spindles installed and worked	No.	23,904	23,904
Shift worked	No.	899	796
Standard production after conversion into 20's count	Kgs	7,018,741	7,018,741
Actual production of yarn after conversion into 20's count	Kgs	5,050,455	5,050,455

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist and raw materials used. It also varies according to the pattern of production adopted in a particular year.

34. NUMBER OF EMPLOYEES

The total / average number of employees for the year ended June 30, 2016 and 2015 respectively were as follows:

	2016	2015
	Number	
Total number of employees as at June 30,	**1,519**	**1,598**
Average number of employees during the year	**1,531**	**1,610**

35. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue on October 04, 2016 by the Board of Directors of the Company.

36. GENERAL

Figures have been rounded-off to the nearest rupee except stated otherwise.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

THE COMPANIES ORIDNANCE 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020652**
2. Name of the Company **Maqbool Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at 30.06.2016

	NO OF HOLDERS	Shareholding From	Shareholding To	Totoal Number of Share Held	%age
	70	1	100	**2,880**	0.02
	311	101	500	**147,302**	0.88
	127	501	1000	**124,986**	0.74
	103	1001	5000	**305,114**	1.82
	31	5001	10000	**246,345**	1.47
	8	10001	15000	**102,000**	0.61
	6	15001	20000	**109,500**	0.65
	3	20001	25000	**71,000**	0.42
	1	25001	30000	**28,600**	0.17
	1	30001	35000	**35,000**	0.21
	1	40001	45000	**45,000**	0.27
	3	45001	50000	**148,600**	0.88
	1	50001	55000	**51,000**	0.30
	1	60001	65000	**65,000**	0.39
	1	75001	80000	**76,000**	0.45
	1	80001	85000	**80,500**	0.48
	1	85001	90000	**90,000**	0.54
	1	90001	95000	**94,500**	0.56
	1	95001	100000	**96,000**	0.57
	1	110001	115000	**113,500**	0.68
	1	120001	125000	**125,000**	0.74
	1	150001	155000	**152,321**	0.91
	2	165001	170000	**338,000**	2.01
	2	175001	180000	**353,000**	2.10
	1	180001	185000	**182,000**	1.08
	1	205001	210000	**209,000**	1.24
	1	280001	285000	**283,000**	1.68
	1	375001	380000	**376,500**	2.24
	4	700001	705000	**2,815,743**	16.76
	3	775001	780000	**2,328,915**	13.86
	1	1465001	1470000	**1,465,121**	8.72
	1	1475001	1480000	**1,476,921**	8.79
	2	1495001	1500000	**2,995,563**	17.83
	1	1665001	1670000	**1,666,089**	9.92
TOTAL	**695**	**16,800,000**		**16,800,000**	**100**

Category wise Pattern of Total Shareholding
As on June 30, 2016

	Categories of Shareholders	No. of Shareholders	No. of Shares	%age
1	Joint Stock Companies	5	386,501	2.30
2	Investment Companies	1	1,500	0.01
3	Individuals	679	14,247,808	84.81
4	Financial Institutions	1	936	0.01
5	Mutual Funds	1	1,666,089	9.92
6	Funds	8	497,166	2.96
		695	16,800,000	100

PATREN OF SHAREHOLDING

AS ON JUNE 30, 2016

ADDITIONAL INFORMATION

Shareholder's Category	Number of Shareholders	Number of Share held
Associated Companies, undertakings and related parties		Nill
NIT		
National Bank of Pakistan- Trustee Department	1	1,666,089
Directors		
Mian Tanvir Ahamad Sheikh	1	1,465,121
Mian Anis Ahamad Sheikh	1	1,497,781
Mian Idrees Ahamad Sheikh	1	1,476,981
Mian Aziz Ahamad Sheikh	1	1,497,782
Mian Atta Shafi Tanvir Sheikh	1	177,000
Maj. (R) Javed Mussarat	1	2,500
Mr. Raza Abbas Jaffery (Rep NIT)	1	1,666,089
Chief Executive Officers		
Mian Anis Ahamad Sheikh	1	1,497,781
Directors'/ CEO's Spouses	19	9,901,948
Executives		Nill
Shareholders Holding 5% or more voting interest		
Mian Tanvir Ahamad Sheikh - Chairman	1	1,465,121
Mian Anis Ahamad Sheikh - Chief Executive Officer	1	1,497,781
Mian Idrees Ahamad Sheikh - Director	1	1,476,981
Mian Aziz Ahamad Sheikh - Director	1	1,497,782
Syed Raza Abbas Jafari (Rep NIT)	1	1,666,089
General Public	**679**	**14,247,808**

Category wise Detail of Shareholding
As on June 30, 2016

Sr. #	Folio No.	Name	Shares Held	Percentage
Joint Stock Cos.				
1	CDC-204	MAPLE LEAF CAPITAL LIMITED	1	0.0000
2	CDC-184	TREET CORPORATION LIMITED.	376,500	2.2411
3	CDC-5	TREET CORPORATION LIMITED.	1,000	0.0060
4	CDC-266	TIME SECURITIES (PVT.) LTD.	3,000	0.0179
5	CDC-366	FIKREE'S (SMC-PVT) LTD.	6,000	0.0357
			386,501	**2.3006**
Investment Companies				
1	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)	1,500	0.0089
			1,500	**0.0089**
Individual				
			14,247,808	**84.8084**
Financial Institution				
1	CDC-207	NATIONAL BANK OF PAKISTAN	936	0.0056
			936	**0.0056**
Mutual Funds				
1	CDC-369	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,666,089	9.9172
			1,666,089	**9.9172**
Funds				
1	CDC-186	TRUSTEES TREET CORP LTD EMP GRATUTY FUND	50,000	0.2976
2	CDC-193	TRUSTEES TREET CORPORATION LTD GROUP EMPLOYEES SERVICE FUND	80,500	0.4792
3	CDC-156	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	152,321	0.9067
4	CDC-6	TRUSTEES TREET CORP LTD E. SUPERANNUATION FUND	500	0.0030
5	CDC-164	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	5,345	0.0318
6	CDC-185	TRUSTEES TREET CORP LTD EMP PROVIDENT FD	90,000	0.5357
5	CDC-187	TRUSTEES TREET CORP LTD SUPERANNUATION FD	113,500	0.6756
6	CDC-7	TRUSTEES TREET CORP LTD SUPERANNUATION FD	5,000	0.0298
			497,166	**2.9593**
		Grand Total	**16,800,000**	**100.0000**

FORM OF PROXY

I, ...
....
of ....
being a member of *MAQBOOL TEXTILE MILLS LIMITED*, hereby appoint.
....

of ....
as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or / and Extraordinary as the case may be) General Meeting of the Company to be held on the .... and at any adjournment thereof ....
As witness my hand this ....
day of 2016

Signed by the said

**Five Rupees
Revenue Stamp**

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Head Office 2-Industrial Estate, Multan not less than 48 hours before the time for holding the meeting (Article 76).

www.maqboolgroup.com

MAQBOOL CENTRE
2 Industrial Estate Multan - PAKISTAN
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Fax: +92 61 653 9042
E-mail: marketing@maqboolgroup.com

MILLS UNIT I - II, & GINNING UNIT:
MM Road Chowk Sarwar Shaheed
District Muzaffargarh - PAKISTAN

MILLS UNIT III:
Pir Mahal Rajana Raod, Tehsil Kamalia Distt. T.T. Singh.