

MAQBOOL

TEXTILE MILLS LIMITED

Half Yearly Report & Financial Statement (Auditor's Reviewed)
For the half year ended December 31, 2019

Company Profile

Board of Directors	Mian Tanvir Ahmad Sheikh - Chairman Main Anis Ahmad Sheikh - C.E.O Mian Idrees Ahmad Sheikh Mian Aziz Ahmad Sheikh Main Atta Shafi Tanvir Sheikh Maj. (R) Javed Mussarat - Independent Director Syed Raza Abbas Jaffari - Independent Director
Audit Committee	Maj. (R) Javed Mussarat - Chairman Mian Idrees Ahmad Sheikh - Member Mian Aziz Ahmad Sheikh - Member
HR & Remuneration Committee	Mian Aziz Ahmad Sheikh - Chairman Mian Idrees Ahmad Sheikh - Member Main Atta Shafi Tanvir Sheikh - Member
Chief Financial Officer & Company Secretary	M. Ehsanullah Khan
Head of Internal Audit	Mahmood Ul Hassan
Auditors	M/s Deloitte Yousuf Adil Chartered Accountant Meher Fatima Tower, Opposite High Court, Multan
Legal Advisor	Malik Masroor Hadier Usman 217-Metro Plaza, Multan
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited United Bank Limited Faysal Bank Limited The Bank of Punjab Bank Al-Falah Limited (Islamic Banking) Meezan Bank Limited National Bank of Pakistan (Islamic Banking)
Registered/Head Office	2-Industrial Estate, Multan
Mills (Unit I, II & Ginning)	M.M. Road, Chowk Sarwar Shaheed, Disst. Muzaffargarh.
Mills (Unit III)	Rajana Road, Pir Mahal, Disst. Toba Tek Singh.
Share Registrar	M/s Hameed Majeed Associates H.M. House, 7-Bank Square, Lahore.

DIRECTORS' REVIEW

Dear Shareholders,

Your Directors are pleased to present before you the Auditors' Reviewed Financial Statements of your Company for the Six Months Period ended December 31, 2019 as required under Circular No. 3 of the Companies Act 2017.

The BMR of the Mills and expansion / extension to the plant and machinery stand completed and has started bearing its fruit. This has resulted in reduction of per unit cost of Production and increase in volume of better quality Yarn. By the grace of Almighty Allah, the overall performance of your Company during the period under report was satisfactory.

During the six months period under report the total sales for the period have been Rs.3,274.511 Million as compared to Rs. 2,524.925 Million for the same period last year. The gross profit for the period was Rs.337.115 Million as compared to Rs. 205.714 Million last year. However, the net profit for the six months period ended December 31, 2019 stood reduced to Rs. 25.949 Million after providing for taxation as compared to net profit after providing taxation of Rs.30.930 Million of the same period last year. The reduction in net profit was mainly due to increase in Electricity Charges which were Rs.467.511Million as compared to Rs. 303.917 Million for the same period last year as well as increase in finance cost which were Rs.131.548 Million as compared to Rs. 71.293 Million for the same period last year due to increase in markup rates. The net profit for the period was also affected due to discontinuation of available tax allowances U/s 65B of the Income Tax Ordinance 2001. Had there been no discontinuation of tax allowances U/s 65B of the Income Tax Ordinance 2001, the net profit for the period ended December 31, 2019 would have been Rs. 32.505 Million.

Currently the Textile Industry is under continuous pressure due to the power tariffs and is operating in a most challenging and unpredictable environment. However, it is learnt today that APTMA has convinced the Govt. to take the necessary immediate corrective measures and apply the fix tariff of electricity @ 7.5 Cent per unit, all-inclusive, and adjust the already paid excess amount until now. It is believed that directions for the implementation of Notification of flat rate of 7.5 Cent per unit of electricity shall be issued & implemented immediately. The future performance of your Company in the remaining period of the current financial year to end on June 30, 2020 and subsequently shall depend heavily on the same.

On behalf of the

Board
Sd/-

Mian Tanvir Ahmad Sheikh
Chairman

Place: Multan

Dated: 27.02.2020

مقبول ٹیکسٹائل ملز لمیٹڈ۔ ملتان

ڈائریکٹران کا جائزہ

محترم حصص داران،

میں نہایت مسرت کے ساتھ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے آڈیٹرز سے محدود پرنٹال و جائزہ شدہ مالیاتی نتائج برائے پہلی ششماہی مدت مختتمہ 31 دسمبر 2019ء پیش کرتا ہوں۔

ملز کی انتظامیہ یہ بتاتے ہوئے خوشی محسوس کرتی ہے کہ کمپنی کی بی ایم آر (توازن، جدت و ترمیم) اور پلانٹ و مشینری کی توسیع مکمل ہو چکی ہے اور اس کے فوائد حاصل ہونا شروع ہو گئے ہیں۔ نتیجتاً نہ صرف پیداواری لاگت میں کمی واقع ہوئی ہے بلکہ بہتر کوالٹی یاران کے حجم میں بھی اضافہ ہوا ہے۔ اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کی کارکردگی موجودہ پہلی ششماہی کے دوران پچھلے سال کی نسبت بہتر رہی۔

کمپنی کی موجودہ ششماہی مدت کے دوران کل فروختگی (سیلز) مبلغ 3,274.511 ملین روپے رہی جو کہ پچھلے سال اسی مدت کے لیے مبلغ 2,524.925 ملین روپے تھی۔ ابتدائی منافع مبلغ 337.115 ملین روپے ہے جو کہ پچھلے سال مبلغ 205.714 ملین روپے تھا۔ حتمی منافع بعد از ٹیکس منہائی مبلغ 25.949 ملین روپے ہے جبکہ پچھلے سال حتمی خسارہ بعد از ٹیکس منہائی مبلغ 30.930 ملین روپے تھا۔

موجودہ دور میں ٹیکسٹائل انڈسٹری تو انائی کے محصولات کی وجہ سے شدید دباؤ کا شکار ہے اور یہ ملک کے ایسے مشکل ترین وغیر متوقع حالات میں کام کر رہی ہے۔ تاہم ترین اطلاعات کے مطابق آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن (اپٹا) نے حکومت کو بجلی کے بلوں کی ادائیگی کا فلسفہ ٹیرف بشرح 7.50 سنٹس بشمول تمام محصولات مقرر کرنے اور اب تک جتنی اضافی رقم ادا کی ہے اس کو بھی ایڈجسٹ کرنے کے لیے قائل کیا ہے۔ یہ خیال کیا جاتا ہے فلیٹ ریٹ بشرح 7.50 سنٹس کا حکم نامہ فوری طور پر جاری کر دیا جائے گا۔ مزید برآں آپ کی کمپنی کی کارکردگی موجودہ سال 30 جون 2020ء کی بقایا مدت اور اس کے بعد بھی بہت زیادہ حکومتی اقدامات پر منحصر ہوگی۔

دستخط

تنویر احمد شیخ۔ چیئرمین

ملتان۔ بتاریخ 27 فروری 2020ء

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

ASSETS	Note	(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
Non-current assets			
Property, plant and equipment	3	2,782,731,622	2,736,661,344
Long term deposits		7,799,689	5,770,489
		2,790,531,311	2,742,431,833
Current assets			
Stores and spares		53,903,415	54,147,768
Stock in trade	4	1,154,615,662	994,564,051
Trade debts		487,809,925	641,645,181
Loans and advances		106,720,641	52,473,293
Prepayments		221,803	221,803
Sales tax refundable		103,578,050	105,992,408
Advance tax		188,511,549	127,172,323
Export rebate refundable		46,140,920	46,755,973
Cash and bank balances		40,095,362	20,709,594
		2,181,597,327	2,043,682,394
Total assets		4,972,128,638	4,786,114,227
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		168,000,000	168,000,000
Surplus on revaluation of property plant and equipment			
- net of deferred tax		1,152,475,600	1,187,724,930
General reserve		168,000,000	168,000,000
Unappropriated profit		394,318,649	370,168,634
		1,882,794,249	1,893,893,564
Non-current liabilities			
Long term financing	5	238,461,536	194,699,513
Long term loans from related parties	11	67,297,002	64,092,383
Liabilities against right of use assets	6	11,214,421	3,830,930
Deferred taxation		325,293,254	306,595,062
Staff retirement benefits - gratuity		36,113,125	30,900,229
		678,379,338	600,118,117
Current liabilities			
Trade and other payables		438,968,884	619,229,640
Accrued markup		50,543,081	40,128,194
Short term borrowings	7	1,660,490,296	1,491,226,230
Unclaimed dividend		3,052,032	3,052,032
Unpaid dividend		10,710,368	3,218,372
Current portion of long term financing		140,169,670	74,338,672
Current portion of liabilities against right of use assets	6	1,962,401	712,973
Provision for taxation		105,058,319	60,196,433
		2,410,955,051	2,292,102,546
Contingencies and commitments	8		
Total equity and liabilities		4,972,128,638	4,786,114,227

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	NoteSix month period ended Three month period ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- Rupees -----			
Sales - net	9	3,274,511,345	2,524,925,044	1,680,002,090	1,489,282,264
Cost of goods sold	10	(2,937,396,341)	(2,319,210,570)	(1,478,862,053)	(1,374,388,854)
Gross profit		<u>337,115,004</u>	<u>205,714,474</u>	<u>201,140,037</u>	<u>114,893,410</u>
Other income		<u>23,514</u>	<u>22,295,318</u>	<u>23,514</u>	<u>11,674,088</u>
		<u>337,138,518</u>	<u>228,009,792</u>	<u>201,163,551</u>	<u>126,567,498</u>
Selling and Distribution Expense		(33,738,663)	(30,051,774)	(18,999,961)	(17,668,618)
Administrative expenses		(71,900,474)	(59,736,458)	(42,543,011)	(33,712,402)
Other operating expenses		(18,090,624)	(2,242,868)	(10,598,116)	(209,735)
		(123,729,761)	(92,031,100)	(72,141,088)	(51,590,755)
Finance cost		<u>(131,547,994)</u>	<u>(71,293,060)</u>	<u>(78,859,094)</u>	<u>(40,227,149)</u>
Profit before taxation		<u>81,860,763</u>	<u>64,685,632</u>	<u>50,163,369</u>	<u>34,749,594</u>
Taxation		<u>(55,910,799)</u>	<u>(33,755,860)</u>	<u>(36,906,371)</u>	<u>(21,209,719)</u>
Profit after taxation		<u>25,949,964</u>	<u>30,929,772</u>	<u>13,256,998</u>	<u>13,539,875</u>
Earnings per share - basic and diluted		<u>1.54</u>	<u>1.84</u>	<u>0.79</u>	<u>0.81</u>

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

Six month period ended.....	
	December 31, 2019 Rupees	December 31, 2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	81,860,763	64,685,632
Adjustments for :		
Depreciation on property, plant and equipment	62,975,080	43,442,862
Provision for staff retirement benefits - gratuity	14,050,903	10,213,952
Finance cost	131,547,994	71,293,060
	<u>208,573,977</u>	<u>124,949,874</u>
Operating cash flows before working capital changes (Increase) / decrease in current assets	<u>290,434,740</u>	<u>189,635,506</u>
Stores and spares	244,353	(3,019,747)
Stock in trade	(160,051,611)	(397,965,690)
Trade debts	153,835,256	136,120,663
Loans and advances	(54,247,348)	(20,356,757)
Export rebate refundable	615,053	2,099,905
Sales tax refundable	2,414,358	7,884,216
	<u>(57,189,939)</u>	<u>(275,237,410)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(180,260,756)	57,551,895
Cash generated / (used in) from operations	<u>52,984,045</u>	<u>(28,050,009)</u>
Income tax paid	(61,339,226)	(31,989,151)
Gratuity paid	(8,838,005)	(9,753,309)
Finance cost paid	(117,928,490)	(60,363,257)
	<u>(188,105,721)</u>	<u>(102,105,717)</u>
Net cash used in operating activities	<u>(135,121,676)</u>	<u>(130,155,726)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(108,447,806)	(24,366,153)
Additions to long term deposits	(2,029,200)	-
Additions to capital work in progress	(597,552)	(184,967,458)
Net cash used in investing activities	<u>(111,074,558)</u>	<u>(209,333,611)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of long term financing	143,323,980	130,034,260
Repayment of long term financing	(33,730,959)	(38,490,540)
Liabilities against right of use assets	8,632,919	3,979,822
Short term borrowings - net	169,264,066	228,386,346
Dividend paid	(21,908,004)	(19,682,019)
Net cash generated from financing activities	<u>265,582,002</u>	<u>304,227,869</u>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	<u>19,385,768</u>	<u>(35,261,468)</u>
Cash and cash equivalents at beginning of the period	<u>20,709,594</u>	<u>72,989,814</u>
Cash and cash equivalents at end of the period	<u>40,095,362</u>	<u>37,728,346</u>

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	...Six month period endedThree month period ended ...	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- Rupees -----			
Profit for the period	25,949,964	30,929,772	13,256,998	13,539,875
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from deferred tax due to change rate on opening revaluation surplus	(7,649,279)	(5,306,712)	(7,649,279)	(5,306,712)
Total comprehensive income for the period	18,300,685	25,623,060	5,607,719	8,233,163

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	Share capital	Capital Reserve	Revenue Reserves		Total
		Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
----- Rupees -----					
Balance as at July 01, 2018	168,000,000	680,437,132	168,000,000	275,898,262	1,292,335,394
Profit for the six months period ended December 31,2018	-	-	-	30,929,772	30,929,772
Other comprehensive (loss) for the period	-	(5,306,712)	-	-	(5,306,712)
Total comprehensive income for the period	-	(5,306,712)	-	30,929,772	25,623,060
Transactions with shareholders:					
Dividend for the year ended June 30,2018 @ Rs. 1.25 per Share	-	-	-	(21,000,000)	(21,000,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(12,437,493)	-	12,437,493	-
Balance as at December 31, 2018	168,000,000	662,692,927	168,000,000	298,265,527	1,296,958,454
Balance as at July 01, 2019	168,000,000	1,187,724,930	168,000,000	370,168,634	1,893,893,564
Profit for the six months period ended December 31,2019	-	-	-	25,949,964	25,949,964
Other comprehensive (loss) for the period	-	(7,649,279)	-	-	(7,649,279)
Total comprehensive income for the period	-	(7,649,279)	-	25,949,964	18,300,685
Transactions with shareholders:					
Dividend for the year ended June 30,2019 @ Rs. 1.75 per Share	-	-	-	(29,400,000)	(29,400,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(27,600,051)	-	27,600,051	-
Balance as at December 31, 2019	168,000,000	1,152,475,600	168,000,000	394,318,649	1,882,794,249

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

MAQBOOL TEXTILE MILLS LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

1. LEGAL STATUS

- 1.1** Maqbool Textile Mills Limited (the "Company") was incorporated in Pakistan on December 03, 1989 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at 2-Industrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's area of the mill at unit 1 and unit 2 is 63.77 acres located at M.M. Road, Chowk Sarwar Shaheed, Distt.Muzaffargarh and area of unit 3 is 21.81 acres located at Rajana Road, Pirmahal, Distt, Toba Tek singh.
- 1.2** These interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These interim financial statements are unaudited but subject to limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Act.

- 2.2** These interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative condensed interim statement of financial position has been extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income, comparative condensed interim statement of changes in equity and comparative condensed interim statement of cash flows have been extracted from un-audited interim financial statements for the six months period ended December 31, 2018.

2.3 Changes in accounting standards, interpretations and pronouncements

2.3.1 Standards, interpretations & amendments to published approved accounting standards that are effective and relevant

The Securities and Exchange Commission of Pakistan (SECP) has adopted new IFRS - 16 "Leases". Impact of this standard on these interim financial statements are explained in note 2.5.

IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

2.3.2 Standards, interpretations & amendments to published approved accounting standards that are not yet effective

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation followed in the preparation of these interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2019 except the following:

2.5 Changes in accounting policies - IFRS 16

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as premised under the specific transitional provisions in the standard. The impact of adoption of this standard is therefore recognized in the opening statement of financial position on July 1, 2019.

On adoption of IFRS 16, the Company recognized lease liability which had previously been classified as 'finance leases' under the principles of IAS 17 Leases. This liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees, if any;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

From July 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company has assessed that there is no impact of IFRS 16 on the Company financial statements and results of transition is summarized below:

Previously used nomenclature	Current nomenclature	Amount as per IAS 17	Amount as per IFRS 16
		(Rupees)	
Vehicles -leased	Vehicles- right of use assets	4,574,327	4,574,327
Liabilities against assets subject to finance lease	Liabilities against right of use assets	4,543,903	4,543,903

		(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
3. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating assets	3.1	2,782,132,330	2,704,551,695
Capital work-in-progress	3.2	599,292	32,109,649
		2,782,731,622	2,736,661,344
3.1 Operating assets			
Opening carrying value- operating assets other than right of use assets		2,699,977,368	1,799,550,560
Opening carrying value- right of use assets		4,574,327	-
		2,704,551,695	1,799,550,560
Additions during the period / year			
Buildings on freehold land		190,886	42,791,448
Plant and machinery		126,116,901	322,887,871
Electric fittings and installations		4,240,438	10,952,667
Tools and equipments		239,700	17,500
Office equipment's		275,000	377,732
Furniture and fixtures		56,500	52,000
Tube well		-	90,000
Vehicles- owned		202,290	-
Vehicles- right of use asset		9,234,000	7,657,530
		140,555,715	384,826,748
Revaluation Adjustment		-	633,796,832
Disposal for the period/year		-	(28,800,000)
Disposal for the year- right of use assets		-	(2,147,000)
Depreciation charge for the period/year		(62,093,913)	(81,739,242)
Depreciation charge for the period/year- right of use assets		(881,167)	(936,203)
Closing carrying value		2,782,132,330	2,704,551,695
Closing carrying value -operating fixed assets		2,769,205,170	2,699,977,368
Closing carrying value- right of use assets		12,927,160	4,574,327
		2,782,132,330	2,704,551,695
3.2 Capital Work in progress			
Opening carrying value		32,109,649	390,062
Additions during the period/ year		597,552	32,109,649
Capitalized during the period/ year		(32,107,909)	(390,062)
Closing carrying value		599,292	32,109,649
4. STOCK IN TRADE			
Raw materials		682,348,055	878,873,716
Work in process		59,497,633	56,959,742
Finished goods			
- Yarn		401,805,538	54,391,754
- Waste		10,964,436	4,338,839
		412,769,974	58,730,593
		1,154,615,662	994,564,051

		(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
5. LONG TERM FINANCING	<i>Note</i>		
<i>From banking companies - secured</i>			
Habib Bank Limited			
- LTFF	5.1	32,508,320	47,014,701
- Demand Finance	5.2	21,122,886	25,347,464
- LTFF II	5.3	184,383,768	196,676,020
- Demand Finance II	5.4	40,616,232	-
		278,631,206	269,038,185
Bank AL Habib Limited			
- Term Finance	5.5	100,000,000	-
		378,631,206	269,038,185
Less: Current portion		140,169,670	74,338,672
		238,461,536	194,699,513

5.1 *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 commenced from May 9, 2017. It carries markup at flat rate 5%. 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.

5.2 *Habib Bank Limited - DF*

This finance has been obtained for purchase of machinery from Habib Bank Limited (HBL). The loan is repayable in 16 equal quarterly installments with one year grace period, commencing from 22 August 2018. It carries markup at flat rate of 4%. 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.

5.3 *Habib Bank Limited - LTFF- II*

This finance has been obtained for purchase of machinery from Habib Bank Limited (HBL). The loan is repayable in 16 equal quarterly installments with one year grace period, commencing from 22 August 2018. It carries markup at flat rate of 4%. 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.

5.4 *Habib Bank Limited - DF II*

This finance has been obtained for purchase of machinery from Habib Bank Limited (HBL) on August 9, 2019. The loan is repayable in 16 equal quarterly installments without grace period, commencing from 1st October 2019. It carries markup at 6 month KIBOR + 0.5%. 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.

5.5 *Bank AL Habib Limited - Term Finance*

This finance has been obtained for capital expenditures. The loan was obtained on December 31, 2019 without grace period. It is repayable in 10 quarterly installments commencing from March 31, 2020 and is secured against 1st pari passu charge of Rs. 267 million over present and future fixed assets of the Company and promissory note amounting to Rs. 127.7 million. It carries markup at the rate of 6 month KIBOR + 1.50%.

		(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
6. LIABILITIES AGAINST RIGHT OF USE ASSETS			
Present value of minimum lease payments	6.1	13,176,822	4,543,903
Less: Current portion shown under current liabilities		(1,962,401)	(712,973)
		11,214,421	3,830,930

6.1 During the period, the Company signed agreement with Bank Al-Habib for purchase of three vehicles on finance lease costing Rs. 9.23 million and to be repaid in 60 monthly installments. Minimum lease payments have been discounted at an implicit interest rate ranging from **6.48% to 12.13%** per annum for the period (June 30, 2019: 6.48% to 9.55%) to arrive at their present value. The lessee has the option to purchase the asset after expiry of

		(Unaudited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
7. SHORT TERM BORROWINGS			
From banking companies			
Secured - under markup arrangements			
Running finance		721,453,963	1,015,785,526
Cash finance		548,791,714	226,214,704
Murabaha finance		390,244,619	249,226,000
		1,660,490,296	1,491,226,230

7.1 Short term borrowings are available from various banks under mark-up arrangements aggregating to Rs. 3,950 million (June 2019: Rs. 4,190 million) of which facilities remained un-utilized at the period end amounted to Rs. 2,285 million (June 2019: 1,591 million). These facilities are subject to markup ranging from **10.01% to 15.01%** (June 30, 2019: 7.41 % to 14.22 %) per annum. These facilities are secured against pledge of raw materials and finished goods, hypothecation charge and joint pari passu charge over present and future current assets of the Company, lien on documents of title to goods and personal guarantees of certain directors of the

8. CONTINGENCIES AND COMMITMENTS

8.1 There is no significant change in status of contingent liabilities since the annual financial statements as at June 30, 2019.

8.2 Commitments outstanding at the end of the period in respect of irrevocable letter of credit is Rs. **646.5 million** (June 30, 2019: Nil) and letter of guarantee is Rs. **7.40 million** (June 2019: Rs. 7.40 million).

	----- (Unaudited) -----			
	...Six month period endedThree month period ended ...	
	December 31, 2019 Rupees	December 31, 2018 Rupees	December 31, 2019 Rupees	December 31, 2018 Rupees
9. SALES - NET				
Local	2,423,354,699	2,080,880,729	1,280,441,344	1,204,995,376
Export	851,156,646	444,044,315	399,560,746	284,286,888
	3,274,511,345	2,524,925,044	1,680,002,090	1,489,282,264

----- (Unaudited) -----

	...Six month period endedThree month period ended ...	
	December 31, 2019 Rupees	December 31, 2018 Rupees	December 31, 2019 Rupees	December 31, 2018 Rupees
10. COST OF GOODS SOLD				
Raw materials consumed	2,364,778,677	2,081,116,047	1,140,029,771	1,109,660,875
Salaries, wages and benefits	221,357,064	192,733,841	112,478,518	95,691,568
Stores consumed	35,565,882	27,583,664	20,777,966	17,593,034
Packing materials consumed	45,342,492	39,537,345	24,755,239	19,721,859
Power and fuel	467,511,439	303,917,120	256,296,109	160,359,754
Repair and maintenance	6,405,044	5,977,662	4,371,087	4,667,573
Insurance	7,227,519	7,692,934	3,627,519	4,092,934
Depreciation	60,898,071	41,622,054	32,898,071	19,122,054
	3,209,086,188	2,700,180,667	1,595,234,280	1,430,909,651
Work-in-process				
Opening stock	56,959,742	40,096,000	50,298,600	37,044,300
Closing stock	(59,497,633)	(49,392,329)	(59,497,633)	(49,392,329)
	(2,537,891)	(9,296,329)	(9,199,033)	(12,348,029)
Cost of goods manufactured	3,206,548,297	2,690,884,338	1,586,035,247	1,418,561,622
Finished goods				
Opening stock	58,730,593	98,744,152	221,837,080	426,245,152
Purchases	84,887,425	-	83,759,700	-
Closing stock	(412,769,974)	(470,417,920)	(412,769,974)	(470,417,920)
	(269,151,956)	(371,673,768)	(107,173,194)	(44,172,768)
	2,937,396,341	2,319,210,570	1,478,862,053	1,374,388,854

11. RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings and key management personnel. The company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

----- (Unaudited) -----

Nature of transactions	Six month period ended		Three month period ended	
	December 31, 2019 Rupees	December 31, 2018 Rupees	December 31, 2019 Rupees	December 31, 2018 Rupees
<u>Key management personnel</u>				
Remuneration to:				
Chief Executive	2,425,620	2,107,523	1,212,810	1,053,762
Directors	1,671,237	1,380,000	835,619	690,000
Executives	3,900,000	1,192,556	1,950,000	596,278
			(Unaudited)	(Audited)
			December 31, 2019	June 30, 2019
<u>Associated undertakings</u>		Note	Rupees	Rupees
Loan from Related Parties		11.1	67,297,002	64,092,383

11.1 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. In 2017, loan was extended for further three years up to 2020 using the discount rate of 10% per annum. During the period, the unwinding of discount (i.e., unwinding of the difference between present value on initial recognition and the amount received) amounting to Rs. 3.2 million (June 30,2019: 5.5 million) is recognized in statement of profit or loss using the effective interest rate method.

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

12. FAIR VALUE MEASUREMENTS

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

Information about fair value hierarchy and asset classified under the hierarchy are as follows.

- 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).

12.1. Fair value of property, plant and equipment

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2019 was performed by MYK Associates (Private) Limited, independent valuer not related to the Company. MYK Associates (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of these assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land, plant and machinery the highest and best use of these assets is their current use.

	------(Unaudited)----- December 31, 2019			------(Audited)----- June 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
Property, plant and equipment						
- Freehold lands	-	431,677,500	-	-	431,677,500	-
- Buildings on freehold lands	-	553,534,942	-	-	567,533,181	-
- Plant and machinery	-	1,708,215,807	-	-	1,624,462,000	-
- Generators	-	8,192,991	-	-	8,624,201	-
- Electric fittings and installations	-	48,502,961	-	-	48,045,456	-
	-	2,750,124,201	-	-	2,680,342,338	-

There were no transfers between levels and no changes occurred in valuation techniques during the period.

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

13. FINANCIAL RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2019.

14. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were authorized for issue on _____, 2020 by the Board of Directors of the Company.

15. FIGURES

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

Chief Executive

Director

Chief Financial Officer

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