MAQBOOL TEXTILE MILLS LIMITED

28th Annual Report

&

Financial Statements (Audited)

For the year ended June 30, 2017

CONTENTS

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
	Maj. (R) Javed Mussarat	- 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
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 / HEAD OFFICE
2-Industrial Estate, Multan.

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

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

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 28th Annual General Meeting of the members of the Maqbool Textile Mills Limited will be held on Saturday October 28, 2017 at 12:00 p.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 27th Annual General Meeting of the Company held on October 31, 2016.
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, 2017.
3. To appoint auditors of the Company for the year 2017-18, 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.
4. To transact any other business with the permission of the Chair.

BY THE ORDER OF THE BOARD

Sd/-
(M. Ehsanullah Khan)
COMPANY SECRETARY

Multan, October 04, 2017

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 21-10-2017 to 28-10-2017 (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 20, 2017 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 hard copies 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 the following and submit to the registered address of the Company within ten (10) days before holding of general meeting:**

   I/We, ____ of _________________________________, being a member of MAQBOOL TEXTILE MILLS LIMITED, holder of _______________________ ordinary shares as per Register Folio No./CDC A/C No. _______________ hereby opt for Video conference Facility at ________________.

   ____
   Signature of Member

   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.

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, I am pleased to present before you the 28th Annual Report on the affairs of your Company along with the Audited Financial Statements of the Company for the year ended June 30, 2017.

PERFORMANCE:

The performance of the Company has been satisfactory during the year under report despite the facts that Textile Sector faced competition from regional players including Bangladesh, India and Vietnam which not only hampered the International as well as the local market. Moreover, import of yarn from India has also affected the margins of local spinning industry. The rising cost of production especially cost of raw material, energy crisis, fuel and consistent increase in minimum wage rate has also affected the competitiveness of production lines of the Company. However, despite the above challenges your Company earned a pre-tax profit of **Rs. 63.296 Million** (2016: pre-tax loss Rs. 31.343 Million) which netted at **Rs. 26.247 Million** after provision for taxation (2016: after tax loss 60.367 Million).

Total production of yarn during the year under review for all three Spinning Units at 20's count basis was **19,173,218 Kgs** as compared to **18,763,072 Kgs** last year. Total sales for the year amounted to **Rs.4,863,138,768/-** as compared to **Rs.4,280,589,829/-** last year. The gross profit for the year was **Rs.331,881,000/-** as compared to **Rs. 227,277,237/-** last year.

The financial results for the year ended June 30, 2017 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

ACCOUNTS:	**2017 Rupees**	**2016 Rupees**
Sales- net	4,863,138,768	4,280,589,829
Cost of goods sold	(4,531,257,768)	(4,253,312,592)
Gross Profit	331,881,000	222,277,237
Other Income	19,246,943	7,562,161
	351,127,943	234,839,398
Distribution and marketing expenses	(77,122,029)	(66,751,032)
Administrative Expenses	(107,482,067)	(103,668,429)
Finance Cost	(103,228,263)	(96,357,625)
Profit/Loss before Taxation	63,295,584	(31,343,240)
Provision for Taxation	(37,048,566)	(29,024,496)
Profit/Loss for the year	26,247,018	(60,367,736)
Earnings/ (Loss) per share- basic and diluted	**1.56**	**(3.59)**

FUTURE OUTLOOK

The future outlook of the textile sector is expected to remain tough in the future as well. In this scenario, the whole industry is looking to the Government to support the textile industry of Pakistan and help it to become competitive globally. Good corporate Governance, marketing quality, production efficiency and financial discipline will remain top focus by the management but optimal results from the textile industry are not possible unless the Government addresses all confronted issues positively. Hence the future results depend upon the response of local and international markets along with business friendly policies of the Government for the textile sector.

The company faced with these multifaceted and mounting challenges and has planned to implement major cost cutting measures across the company and is aligning itself to tackle current market threats. Your company has planned a major expansion in capacity of production of spinning units especially for Unit 1. Your Company is also committed to maintain optimum quality, product diversification, exploring new markets and achieving higher production efficiencies. However, due to tough competition in the local well as in the international market margins are continuously under pressure.

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. 1,840,043,989 Million** during the year under report as compared to the Exports valuing **Rs. 1,541,853,206 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 current liquidity position due to losses in the previous year's your directors decided not to distribute any dividend for the year ended 30.06.2017.

ISO 9001:2008 QMS AND ISO 14001:2004 EMS CERTIFICATION:

The company has successfully maintained its ISO 9001:2008 certification for Quality Management System and the ISO 14001:2004 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, 2017, 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, 2017 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 (4) 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.	Maj.(R) Javed Musarrat	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, 2017 four (4) meetings of the Board of Directors were held.
Attendance of each Director is given below:

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

AUDITORS

Your Company's present Auditors M/s Deloitte Yousuf Adil, Chartered Accountants, Karachi 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.

ACKNOWLEDGMENT

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 United Bank Limited
M/s Faysal Bank Limited
M/s The Bank of Punjab
M/s Habib Metropolitan Bank Limited
M/s Bank Al-Falah Limited
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, 2017

ڈائریکٹران کی رپورٹ

شروع کرتا ہوں اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

پیارے حصص داران،

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے، میں 30 جون، 2017 تک ختم ہونے والے سال کے لئے کمپنی کے آڈٹ کردہ مالی بیانات کے ساتھ ساتھ آپ کی کمپنی کے معاملات پر 28 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

کارکردگی :

کمپنی کی کارکردگی اطمینان بخش رہی اس حقیقت کے باوجود کے ٹیکسٹائل سیکٹر کو علاقائی کھلاڑیوں بشمول بنگلہ دیش، بھارت اور ویت نام سے مسابقت کا سامنا تھا جس کی وجہ سے مقامی اور بین الاقوامی بازار متاثر ہوئے۔ اس کے علاوہ بھارت سے سوت کی درآمد نے مقامی سپننگ صنعت کے مارجن کو بھی متاثر کیا ہے۔ پیداوار کی بڑھتی ہوئی لاگت خاص طور پر خام مال، توانائی کے بحران، ایندھن اور کم از کم تنخواہ کی شرح میں مسلسل اضافہ کی وجہ سے کمپنی کی پیداوار کی لائنوں کی مسابقت پر بھی اثر ڈالا ہے۔ تاہم، مندرجہ بالا، چیلنجوں کے باوجود آپ کی کمپنی نے قبل از ٹیکس 63.296 ملین منافع حاصل کیا ہے۔ جبکہ بعد از ٹیکس منافع 26.247 ملین رہا۔

تینوں سپننگ اکائیوں کی مجموعی پیداوار 19,173,218 کلو گرام رہی جبکہ گزشتہ سال 18,763,072 کلو گرام رہی تھی ۔ اس سال کل فروخت 4,863,138,768 روپے رہی جبکہ گزشتہ سال کل فروخت 4,280,589,829 روپے تھی۔ اس سال کے لئے مجموعی منافع 331,881,000 روپے ہے جبکہ گزشتہ سال مجموعی منافع 227,277,237 روپے تھا۔

اس سال 30 جون 2017 کو ختم ہونے والے سال کے مالیاتی نتائج کے ساتھ گزشتہ سال کے موازنہ اعداد و شمار درج ذیل ہیں۔

ACCOUNTS:

	2017 Rupees	2016 Rupees
Sales- net	4,863,138,768	4,280,589,829
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	351,127,943	234,839,398
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Profit/Loss for the year	26,247,018	(60,367,736)
Earnings/ (Loss) per share- basic and diluted	1.56	(3.59)

مستقبل کا نقطہ نظر :

یہ پیش گوئی کی جارہی ہے کہ ٹیکسٹائل سیکٹر کا مستقبل بھی مشکل رہے گے۔اس منظر میں، پاکستان کی پوری ٹیکسٹائل انڈسٹری حکومت کی طرف دیکھ رہی ہے کو وہ اس کی عالمی سطح پر مسابقتی بننے میں مدد کرے۔کمپنی کی مینجمنٹ کی اچھی کارپوریٹ گورننس، مارکیٹنگ کے معیار، پیداوار کی کارکردگی اور مالی نظم ونسق کی طرف سب سے زیادہ توجہ مرکوز رہے گی لیکن جب تک کہ ٹیکسٹائل انڈسٹری کے اچھے نتائج کے لئے حکومت کا تمام مسائل پر مثبت ردعمل نہ آئے۔لہٰذا مستقبل کے نتائج ٹیکسٹائل سیکٹر کے لئے حکومت کے کاروباری دوستانہ پالیسیوں کے ساتھ ساتھ مقامی اور بین الاقوامی مارکیٹوں کے جواب پر منحصر ہے۔

کمپنی کو ان بڑھتے ہوئے چیلنجوں کا سامنا کرنا پڑا اور کمپنی اخراجات میں کمی لانے کے لیے منصوبہ بندی کی ہے اور موجودہ بازار کے خطرات سے نمٹنے کے لئے خود کو تیار کیا ہے۔آپ کی کمپنی بھی اعلی معیار، مصنوعات کی متنوع کو برقرار رکھنے، نئے مارکیٹوں کو تلاش کرنے اور اعلیٰ پیداوار کی صلاحیتوں کو حاصل کرنے کے لئے بھی پرعزم ہے۔تاہم، مقامی مارکیٹ میں بین الاقوامی بازار کے حدود میں سخت مقابلہ کی وجہ سے مسلسل دباؤ کی شکار ہے۔

جننگ یونٹ کے آپریشنز :

گزشتہ سال پھٹی کے ناقص معیار اور غیر مسابقتی قیمتوں کی وجہ سے یونٹ بند رہا۔

برآمدات

کمپنی نے اس سال مجموعی برآمدات 1,840.043 ملین روپے کیں جبکہ گزشتہ سال یہ 1,541.853 ملین روپے تھی۔برآمدات میں 28.85 فیصد کا یہ اضافہ بین الاقوامی مارکیٹ میں سوت کی اچھی قیمتوں کی وجہ سے ہوا۔

ڈیوڈینڈ

پچھلے سال کے نقصانات کی وجہ سے موجودہ مکلفیت کی حیثیت کو دیکھتے ہوئے اس سال آپ کے ڈائریکٹران ڈیوڈینڈ نہ دینے کا فیصلہ کیا ہے۔

QMS اور EMS سرٹیفکیشن :

کمپنی نے کامیابی سے کوالٹی مینجمنٹ سسٹم ISO 9001:2008 اور انوائرمینٹل مینجمنٹ سسٹم ISO 14001:2004 کی سند حاصل کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل :

آپ کی کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سی سی جی ہدایات 2012 پر عمل کر رہی ہے۔بورڈ اچھے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔

ڈائریکٹرز کی ذمہ داریاں

بورڈ باقاعدگی سے کمپنی کی اسٹریٹیجک سمت کا جائزہ لیتا ہے۔کاروبار کے لئے سالانہ منصوبہ بندی اور کارکردگی کا اہداف جس طرح چیف ایگزیکٹو کی طرف سے مقرر کیا جاتا اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ کی طرف سے مجموعی جائزہ لیا جاتا ہے۔بورڈ اچھے کارپوریٹ گورنمنٹ کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔

کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سٹاک ایکسچینج کے طے کردہ قواعد وضوابط کی تعمیل کرتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر ذرج ذیل بیانات ہیں:

1۔ مقبول ٹیکسٹائل ملز لمیٹڈ کی انتظامیہ نے جو فنانشل اسٹیٹمنٹس تیار کی ہیں وہ کمپنی کی اسٹیٹ آف افیئر ز، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کو صحیح طریقے سے پیش کرتے ہیں۔

2۔ مناسب اکاؤنٹنگ کی پالیسیوں کو ان مالی بیانات کی تیاری میں مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور پر جوش فیصلوں پر مبنی ہے

3۔ مقبول ٹیکسٹائل ملز لمیٹڈ اکاؤنٹس کو مناسب طریقے سے کتابوں میں درج کر رہا ہے۔

4۔ بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں ان کو مالی بیانات پیش کرنے کیلئے استعمال کیا گیا ہے۔

5۔ بورڈ نے ایک موثر داخلی آڈٹ فنکشن قائم کیا ہے جو اس مقصد کے لئے موزوں طور پر قابل بھروسہ اور تجربہ کار سمجھا جاتا ہے اور کمپنی کی پالیسیوں اور طریقہ کار کے مطابق ہے اور وہ مکمل طور پر اندرونی آڈٹ فنکشن میں ملوث ہیں۔

6۔ اندرونی کنٹرول کا نظام مضبوط ڈیزائن کا حامل ہے اور موثر طور پر لاگو ہے اور اس کی نگرانی کی جاتی ہے۔

7۔ کمپنی کو جاری رکھے جانے کی صلاحیت کے بارے میں کسی قسم کی بھی تشویش یا شک کی بات نہیں ہے۔

8۔ لسٹنگ کے قواعد وضوابط میں تفصیل کے طور پر، کارپوریٹ گورنمنٹ کے بہترین طریقوں سے کوئی مواد نہیں نکلتی ہے۔

9۔ مالی سال 30 جون 2017 کے اختتام پر کوئی بھی ٹیکس کی ادائیگی، ڈیوٹیز اور اخراجات قابل ادا نہیں ہیں سوائے ان کے جو کہ مالی نتائج میں بتائی گئی ہیں۔

10۔ گزشتہ چھ سالوں کی کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ ملحق ہے۔

11۔ 30 جون 2017 کا پیٹرن آف شیئر ہولڈنگ ملحق ہے۔

12۔ گزشتہ ختم ہونے والے سال کے دوران کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی کے سیکرٹری اور ان کے شوہر اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

13۔ بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں تین ممبرز کی آڈٹ کمیٹی اور چار ممبرز کی ریمنریشن کمیٹی قائم کی ہے۔

آڈٹ کمیٹی:

بورڈ نے کارپوریٹ گورننس، فنانشل رپورٹنگ اور کارپوریٹ کنٹرول سے نمٹنے کیلئے آڈٹ کمیٹی کو بنایا ہے آڈٹ کمیٹی کے معاملات کو چلانے کا طریقہ کار بنایا گیا ہے اور کمیٹی ممبران کو تعمیل کیلئے بتایا گیا ہے۔

آڈٹ کمیٹی نے اندرونی آڈٹ منصوبہ کے علاوہ، آدھی، نصف اور سالانہ مالی بیانات کا جائزہ لیا ہے، مواد کے آڈٹ کے نتائج اور اندرونی آڈیٹر کی سفارش سال کے دوران چار آڈٹ کمیشن کی میٹنگ منعقد ہوئی اور حاضری مندرجہ ذیل تھی:۔

ایگزیکٹو ڈائریکٹر کا نام	عہدہ	نمبر آف میٹنگ اٹینڈڈ
میاں ادریس احمد شیخ	چیئرمین	4
میاں عزیز احمد شیخ	رکن	4
میجر (ر) جاوید مسرت	رکن	4

مندرجہ بالا اجلاسوں کے علاوہ، آڈٹ کمیٹی نے بھی بیرونی فائنڈر کے ساتھ چیف فنانس آفیسر اور اندرونی آڈٹ کے سربراہ کے ساتھ ملاقات کی۔

کوئی قانونی بقایا ادائیگی نہ ھے :

عام اور معمول فطرت کے علاوہ ٹیکس، لیویز اور چارجز کے حساب سے کوئی قابل قانونی مجازات موجود نہیں ہیں۔

بورڈ کی میٹنگ

30 جون 2017 کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری ذیل میں دی گئی ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت
میاں تنویر احمد شیخ	4
میاں انیس احمد شیخ	4
میاں ادریس احمد شیخ	4
میاں عزیز احمد شیخ	4
میاں عطا شفیع تنویر شیخ	4
میجر (ر) جاوید مسٹر	4
سید رضا عباس جعفری	2

آڈیٹر :

آپ کی کمپنی کے موجودہ آڈیٹر میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنس، کراچی ریٹائرڈ ہو گئے ہیں اور دوبارہ اپنے آپ کو آڈیٹرز کے طور پر پیش کرتے ہیں۔

مزدوروں اور اسٹاف کے ساتھ تعلقات :

آپ کے ڈائریکٹروں کو خوشی ہے کہ اس سال کے مزدوروں اور اسٹاف کے ساتھ تعلقات پورے سال اچھے رہے۔

اعتراف :

آپ کے ڈائریکٹرز اعتراف کرتے ہیں کہ کمپنی نے ہمیشہ کی طرح اس سال بھی بینکوں کی طرف سے بہترین تعاون سے لطف اندوز ہوئے۔ بینکوں کے نام مندرجہ ذیل ہیں۔

حبیب بینک لمیٹڈ
بینک الحبیب لمیٹڈ
یونائیٹڈ بینک لمیٹڈ
فیصل بینک لمیٹڈ
بینک آف پنجاب
حبیب میٹروپولیٹن بینک لمیٹڈ
بینک الفلاح لمیٹڈ

میزان بینک لمیٹڈ

کمپنی کے تمام ملازمتوں کی سرشار محنت کا بھی اعتراف کیا جاتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

Sd/-

میاں تنویر احمد شیخ (چیئرمین)

ملتان

04 اکتوبر 2017ء

SIX YEARS KEY OPERATING AND FINANCIAL DATA

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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	168,000,000
Reserves	168,000,000	168000,000	168,000,000	42,000,000	42,000,000	42,000,000
Un-appropriated Profit/(Loss)	194,868,151	126,787,632	157,539,979	187,943,654	327,712,860	191,956,271
Total Equity	530,868,151	462,787,632	493,539,979	523,943,654	537,712,860	401,956,271
Surplus on revaluation of Property, plant and equipment	704,975,105	723,306,444	750,185,937	779,340,652	150,268,385	150,268,385
Liabilities						
Deferred/Long term	411,869,561	470,763,962	411,316,971	499,943,800	368,728,999	159,182,792
Short Term Liabilities	1,459,117,649	1,504,117,787	1,268,927,127	772,681,545	1,098,724,635	773,247,472
Total Liabilities	1,870,987,210	1,974,881,749	1,680,244,098	1,272,625,345	1,467,453,634	932,430,264
Total Equity & Liabilities	2,401,855,361	3,160,975,825	2,923,970,014	2,575,909,651	2,155,434,879	1,484,654,920
Fixed Assets						
Owned	1,840,019,477	1,850,281,415	1,773,697,267	1,790,826,163	951,646,443	651,186,126
Long Term Deposits	5,668,939	5,668,939	5,668,939	5,668,939	5,654,639	5,654,639
Current Assets	1,261,142,050	1,305,025,471	1,144,603,808	779,414,549	1,198,122,497	827,814,155
Total Assets	3,106,830,466	3,160,975,825	2,923,970,014	2,575,909,651	2,155,434,879	1,484,654,920
,						
PROFIT & LOSS ACCOUNT						
Turnover (net)	4,863,138,768	4,280,589,829	4,014,689,127	4,928,43,523	4,554,284,139	3,421,881,369
Gross Profit	331,881,000	227,277,237	235,832,483	335,124,201	493,376,536	348,113,332
Operating Profit/(Loss)			38,489,046	217,062,351	150,083,240	
Profit/(Loss) before taxation	63,295,584	(38,905,401)	(60,609,236)	73,074,117	236,370,101	166,768,755
Taxation	(37,048,566)	(29,024,496)	(12,732,765)	(37,082,522)	(62,813,512)	(40,497,836)
Profit/(Loss) for the Year	26,247,018	(60,367,736)	(66,697,813)	35,991,595	173,556,589	126,270,919
DISTRIBUTION						
Cash Dividend %	NIL	NIL	NIL	NIL	27.50%	22.50%
RATIOS						
Break up value (Rs)	31.60	27.55	29.38	31.19	32.01	23.92
Earning per share (Rs.)	1.56	(3.59)	(3.97)	2.14	10.33	7.52
Return on Equity (Rs)	0.05	(0.13)	(0.14)	0.07	0.32	0.31
Current Ratio	0.86:1	0.87:1	0.90:1	1.01:1	1.09:1	1.07:1
Debt / Equity Ratio without surplus	0.40	0.54	0.39	0.49	0.54	0.39
Debt / Equity Ratio with surplus	0.17	0.21	0.16	0.20	0.69	0.288
PLANT CAPACITY AND ACTUAL PRODUCTION						
Spinning Unit-I						
Spindles Installed and worked	18,672	18,672	18,336	18,336	18,336	18,336
Standard Production after conversion into 20/S Count (Kgs)	6,398,891	6,398,891	6,389,193	6,389,193	6,389,193	5,937,060
Actual production of yarn after conversion into 20/S Count (Kgs)	5,186,155	5,180,435	4,870,926	4,388,751	4,443,856	5,389,139
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	4,784,702	4,721,968
Actual production of Yarn after conversion into 40's PC count (Kgs)	4,185,296	4,166,657	3,636,009	3,723,721	3,706,671	4,302,034
Spinning Unit # 3						
Spindles installed and worked	23,904	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	7,018,741	5,290,445	-
Actual production of Yarn after conversion into 20/S Count (Kgs)	5,510,786	5,050,455	5,050,455	4,929,765	4,316,860	-

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Year Ended June 30, 2017

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:

Sr. No	Category	Name Of Directors
1	**Independent Director**	1. Mr. Maj (R) Javed Mussarat
2	**Executive Director**	1. Mr. Mian Anis Ahmad Sheikh 2. Mr. Mian Atta Shafi Tanvir Sheikh
3	**Non-Executive Director**	1. Mr. Mian Tanvir Ahmad Sheikh 2. Mr. Mian Idrees Ahmad Sheikh 3. Mr. Mian Aziz Ahmad Sheikh 4. 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, 2017.

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 an Audit Committee. It comprises of three members, of whom two are non-executive directors and one independent director. The Chairman of the Committee is also a non-executive Director.

	Name of Member of Committee	**Designation**
i.	Mian Idrees Ahmad Sheikh	Chairman
ii.	Mian Aziz Ahmad Sheikh	Member
iii.	Maj (R) Javed Musarrat	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 a Human Resource (HR) & Remuneration Committee comprises of three members, of whom majority are non-executive directors including the Chairman of the committee.

	Name of Member of Committee	**Designation**
i.	Mian Aziz Ahmad Sheikh	Chairman
ii.	Mian Idrees Ahmad Sheikh	Member
iii.	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).

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

23. The board has developed the mechanism for an annual evaluation of the Board and its members, the detail of which is given in the Director's Report.

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

M. Ehsanullah Khan
Company Secretary

Dated. 04.10.2017

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, 2017 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, 2017.

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Dated: October 04, 2017
Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Maqbool Textile Mills Limited** ("the Company") as at June 30, 2017 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, 2017 and of the profit, 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: 04.10.2017
Karachi

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5.	1,840,019,477	1,850,281,415
Long term deposits		5,668,939	5,668,939
		1,845,688,416	1,855,950,354
Current assets			
Stores and spares	6	40,852,290	39,862,479
Stock in trade	7	674,239,168	787,451,069
Trade debts	8	268,592,414	320,373,785
Loans and advances	9	36,294,979	20,083,521
Prepayments	10	221,803	221,803
Sale tax refundable		93,431,633	62,309,427
Advance tax		81,697,959	56,877,611
Export rebate refundable		33,635,697	-
Cash and bank balances	11	32,176,107	17,845,776
		1,261,142,050	1,305,025,471
Total assets		**3,106,830,466**	**3,160,975,825**
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		194,868,151	126,787,632
		530,868,151	462,787,632
Surplus on revaluation of property, plant and equipment	13	704,975,105	723,306,444
Non-current liabilities			
Long term financing	14	145,187,000	179,922,306
Long term loans from related parties	15	46,581,518	56,363,637
Deferred liabilities	16	220,101,043	234,478,019
		411,869,561	470,763,962
Current liabilities			
Trade and other payables	17	195,449,595	198,387,360
Accrued mark up	18	22,776,483	25,606,195
Short term borrowings	19	1,128,003,470	1,182,593,348
Current portion of long term financing	14	68,531,926	70,530,090
Provision for tax		44,356,175	27,000,794
		1,459,117,649	1,504,117,787
Contingencies and commitments	20		
Total equity and liabilities		**3,106,830,466**	**3,160,975,825**

The annexed notes from 1 to 37 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, 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	21	4,863,138,768	4,280,589,829
Cost of goods sold	22	(4,531,257,768)	(4,053,312,592)
Gross profit		331,881,000	227,277,237
Other income	23	19,246,943	7,562,161
		351,127,943	234,839,398
Distribution cost	24	77,122,029	66,751,032
Administrative expenses	25	104,228,427	103,073,981
Other operating expenses	26	3,253,640	-
		(184,604,096)	(169,825,013)
Finance cost	27	(103,228,263)	(96,357,625)
Profit/(Loss) before taxation		63,295,584	(31,343,240)
Taxation	28	(37,048,566)	(29,024,496)
Profit/(Loss) after taxation		**26,247,018**	**(60,367,736)**
Earnings per share - basic and diluted	29	**1.56**	**(3.59)**

The annexed notes from 1 to 37 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, 2017

	2017 Rupees	2016 Rupees
Profit / (Loss) for the year	26,247,018	(60,367,737)
Other comprehensive income:		
Items that will not be reclassified to profit or loss account		
Remeasurement on defined benefit obligation	(2,120,022)	349,900
Deferred tax	380,567	(68,087)
	(1,739,455)	281,813
Total comprehensive Income / (Loss) for the year	**24,507,563**	**(60,085,923)**

The annexed notes from 1 to 37 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, 2017

	2017 Rupees	2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	63,295,584	(31,343,241)
Adjustments for:		
Depreciation on property, plant and equipment	90,473,675	90,001,065
Provision for staff retirement benefits - gratuity	15,925,508	14,734,213
Finance cost	103,228,263	96,357,625
	209,627,446	201,092,903
Operating cash flows before working capital changes	272,923,030	169,749,662
(Increase) / decrease in current assets		
Stores and spares	(989,811)	(4,444,348)
Stock in trade	113,211,901	(214,413,876)
Trade debts	51,781,371	17,910,598
Loans and advances	(16,211,458)	7,150,447
Prepayments	-	219,606
Sales tax refundable	(31,122,206)	13,121,015
Export rebate refundable	(33,635,697)	-
	83,034,100	(180,456,558)
Increase / (decrease) in current liabilities		
Trade and other payables (excluding unclaimed dividend)	(2,933,818)	(34,111,420)
Cash generated from/(used in) operations	353,023,312	(44,818,315)
Income tax paid	(51,854,079)	(49,585,448)
Gratuity paid	(14,878,258)	(6,818,100)
Finance cost paid	(100,421,612)	(85,033,232)
	(167,153,949)	(141,436,780)
Net cash generated from/(used in) operating activities	185,869,363	(186,255,095)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(80,211,737)	(166,585,213)
Net cash (used in) investing activities	(80,211,737)	(166,585,213)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	33,796,620	116,051,044
Repayment of long term financing	(70,530,090)	(59,519,266)
Short term borrowings - net	(54,589,878)	269,224,906
Dividend paid	(3,947)	(3,506,232)
Net cash (used in)/generated from financing activities	(91,327,295)	322,250,452
Net increase/(decrease) in cash and cash equivalents (A+B+C)	14,330,331	(30,589,856)
Cash and cash equivalents at beginning of the year	17,845,776	48,435,632
Cash and cash equivalents at end of the year	**32,176,107**	**17,845,776**

The annexed notes from 1 to 37 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, 2017

	Share capital	General reserve	Unappropriated profit	Total
	---------- Rupees ----------			
Balance as at July 01, 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 loss for the year - net of deferred tax	-	-	281,813	281,813
Total comprehensive loss for the year	-	-	(60,085,923)	(60,085,923)
Surplus transferred to unappropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	29,333,576	29,333,576
Transfer of present value adjustment on long term loans from related parties	-	-		-
Balance as at June 30, 2016	168,000,000	168,000,000	126,787,632	462,787,632
Profit for the year	-	-	26,247,018	26,247,018
Other comprehensive income for the year - net of deferred tax	-	-	(1,739,455)	(1,739,455)
Total comprehensive Income for the year	-	-	24,507,563	24,507,563
Surplus transfer to unappropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	28,154,473	28,154,473
Transfer of present value adjustment on loan from related party			15,418,482	15,418,482
Balance as at June 30, 2017	**168,000,000**	**168,000,000**	**194,868,151***	**530,868,151**

* This includes unamortised portion of interest free loan obtain from related parties amounting to Rs. 9,782,119 (2016: Rs. 5,636,363) which is not available for distribution.

The annexed notes from 1 to 37 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, 2017

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 Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). 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

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company shall prepare the financial statements for periods closing after June 30, 2017 in accordance with the provisions of the new Companies Act. The Company is currently in process of determining impact, if any, on future financial statements due to implementation of the Act.

3. *Standards, interpretation and amendment adopted during the year*

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

3.1 *New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017*

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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 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
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

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	Effective from accounting period beginning on or after January 01, 2016
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
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
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2016

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

3.2 New accounting standards, amendments to published standards and interpretations that are not yet effective.

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
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.
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	Effective from accounting period beginning on or after January 01, 2018. Early application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	Effective from accounting period beginning on or after January 01, 2018. Early application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	Effective from accounting period beginning on or after January 01, 2019

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

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 accounting 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, 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 and 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/unappropriated profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are 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.

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. Cost is 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	Weighted average manufacturing cost.
Finished goods	Weighted 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, 2017 using Projected Unit Credit Method. The following significant assumptions have been used for valuation of defined benefit obligation of the company:

	2017	2016
- Discount rate	7.75%	7.25%
- Expected increase in eligible salary	6.75%	6.25%
- Average expected remaining working life time	10 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 transactions and 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 and loss account for the year.

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 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.

4.4.18 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.

4.4.19 Earnings 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	2017 Rupees	2016 Rupees
Operating assets	5.1	1,805,074,292	1,849,725,975
Capital work-in-progress (plant & machinery)		34,945,185	555,442
		1,840,019,477	**1,850,281,417**

5.1 *Operating assets*

Particulars	Cost / Revalued amount			Accumulated depreciation			Net book value	Rate
	At July 01, 2016	Additions	At June 30, 2017	At July 01, 2016	For the year	At June 30, 2017	At June 30, 2017	%
	Rupees							
Land - freehold	230,369,000	-	230,369,000	-	-	-	230,369,000	-
Buildings on freehold land	424,192,295	-	424,192,295	41,309,261	19,144,152	60,453,413	363,738,882	5
Plant and machinery	1,456,365,165	39,574,652	1,495,939,817	307,661,420	58,415,589	366,077,009	1,129,862,808	5
Generator	15,074,303	26,214	15,100,517	3,272,564	1,180,793	4,453,357	10,647,160	10
Electric fittings and installations	77,767,841	4,980,737	82,748,578	27,736,292	7,878,420	35,614,712	47,133,866	15
Tools and equipment	1,398,736	66,885	1,465,621	473,964	95,924	569,888	895,733	10
Office equipment	8,919,726	331,646	9,251,372	3,818,994	538,280	4,357,274	4,894,098	10
Telephone installations	3,131,721	272,300	3,404,021	1,344,056	193,776	1,537,832	1,866,189	10
Furniture & fixtures	8,339,008	500,000	8,839,008	4,520,028	394,398	4,914,426	3,924,582	10
Arms & ammunitions	877,795	1,000	878,795	182,609	69,610	252,219	626,576	10
Weighing scales	1,762,439	-	1,762,439	1,271,005	49,143	1,320,148	442,291	10
Tube well	1,094,476	1,560	1,096,036	671,780	42,296	714,076	381,960	10
Fire extinguishing equipment	1,692,142	-	1,692,142	958,955	73,319	1,032,274	659,868	10
Vehicles	36,864,853	67,000	36,931,853	24,902,599	2,397,976	27,300,575	9,631,278	20
	2,267,849,500	**45,821,994**	**2,313,671,494**	**418,123,527**	**90,473,675**	**508,597,202**	**1,805,074,292**	

For comparative period

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 equipment	1,311,611	87,125	1,398,736	378,543	95,421	473,964	924,772	10
Office equipment	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 equipment	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
	2,101,515,424	**166,334,078**	**2,267,849,500**	**328,122,462**	**90,001,065**	**418,123,527**	**1,849,725,975**	

		Note	2017 Rupees	2016 Rupees
5.2	***Allocation of depreciation***			
	Cost of goods sold	22	86,806,317	85,712,645
	Administrative expenses	25	3,667,358	4,288,420
			90,473,675	**90,001,065**

5.3 Revaluation of 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.

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

	2017 Rupees	2016 Rupees
Land - freehold	31,787,994	31,787,994
Buildings on freehold land	112,642,483	118,571,035
Plant and machinery	781,696,950	782,213,368
Generator	4,698,337	5,191,937
Electric fittings and installations	35,159,322	35,943,851
	965,985,087	**973,708,185**

6. STORES AND SPARES

Stores and spares	30,798,280	33,715,133
Packing material	10,054,010	6,147,346
	40,852,290	**39,862,479**

		Note	2017 Rupees	2016 Rupees
7.	***STOCK IN TRADE***			
	Raw materials	7.1	410,825,120	449,003,590
	Work in process		40,217,892	49,062,672
	Finished goods:			
	- Yarn		219,688,331	286,447,858
	- Waste		3,507,825	2,936,949
			223,196,156	289,384,807
			674,239,168	**787,451,069**

7.1 In 2016, net realizable value of raw material was lower than its cost, which resulted in write down of Rs. 7.72 million. However, there is no such impact in current year.

		Note	2017 Rupees	2016 Rupees
8.	***TRADE DEBTS***			
	Considered good			
	Export - secured	8.1	106,156,165	104,667,869
	Local - unsecured	8.2	162,436,249	215,705,916
			268,592,414	320,373,785
			268,592,414	**320,373,785**

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

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

8.3 Trade debts 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. 2.161 million (2016: Rs. 2.161 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.

		2017 Rupees	2016 Rupees
8.4.1	***Aging of amounts past due but not impaired***		
	90 - 120 days	-	25,092
	120 days and above	2,161,104	2,136,012
		2,161,104	**2,161,104**

	2017 Rupees	2016 Rupees
9. LOANS AND ADVANCES		
Advance to suppliers - considered good	25,543,422	10,703,053
Advance to suppliers - considered doubtful	1,794,628	1,794,628
	27,338,050	12,497,681
Provision for doubtful suppliers	(1,794,628)	(1,794,628)
	25,543,422	10,703,053
Advance for spinning unit on operating lease	5,040,048	5,040,048
Loans to employees - considered good	4,863,488	3,492,399
Minimum tax deposited under protest	848,021	848,021
	36,294,979	**20,083,521**

10. PREPAYMENTS

	2017 Rupees	2016 Rupees
Prepayments	221,803	221,803
	221,803	**221,803**

11. CASH AND BANK BALANCES

	2017 Rupees	2016 Rupees
Cash in hand	1,374,055	7,314,206
Cash at banks - current accounts	30,802,052	10,531,570
	32,176,107	**17,845,776**

12. SHARE CAPITAL

2017 Number of shares	2016 Number of shares		2017 Rupees	2016 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.

	Note	2017 Rupees	2016 Rupees
13. SURPLUS ON REVALUTAION OF PROPERTY, PLANT AND EQUIPMENT			
Opening balance		850,080,882	886,501,494
On account of incremental depreciation charged during the year - net of tax		(28,154,473)	(29,333,576)
Related deferred tax liability on incremental depreciation		(6,159,781)	(7,087,036)
		(34,314,254)	(36,420,612)
Closing balance		815,766,628	850,080,882
Less: related deferred tax liability			
Opening balance		126,774,438	136,315,557
Related deferred tax liability on incremental depreciation		(6,159,781)	(7,087,035)
Deferred tax due to rate change		(9,823,134)	(2,454,084)
		110,791,523	126,774,438
Closing balance		**704,975,105**	**723,306,444**

14. LONG TERM FINANCING

From banking companies - secured

	Note	2017 Rupees	2016 Rupees
Habib Bank Limited			
- Demand Finance	14.1	-	10,000,050
- Demand Finance - II	14.2	53,333,336	80,000,002
- LTFF - EOP	14.3	-	10,000,050
- LTFF	14.4	105,040,220	116,051,044
- Demand Finance	14.7	33,796,620	-
		192,170,176	216,051,146
Bank Al-Habib Limited			
- Term Finance	14.5	12,468,750	20,781,250
- Term Finance - II	14.6	9,080,000	13,620,000
		21,548,750	34,401,250
		213,718,926	250,452,396
Less: Current portion		(68,531,926)	(70,530,090)
		145,187,000	**179,922,306**

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. This has been fully paid during the current year.

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. This has been fully paid during the current year.

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 commencing 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.

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 7.59 % to 7.65 %. (2016: 8.02% to 8.50%)

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 7.59 % to 7.65 %. (2016: 8.02% to 8.50%)

14.7 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. It carries markup at flat rate KIBOR+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.

	Note	2017 Rupees	2016 Rupees
15. LONG TERM LOANS FROM RELATED PARTIES			
Interest free loans from Directors and Chief Executive	15.1	56,363,637	62,000,000
Less: present value adjustment		15,418,482	10,760,330
		40,945,155	**51,239,670**
Add: unwinding of discount	27	5,636,363	5,123,967
		46,581,518	**56,363,637**

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. The loan is extended for further three years upto 2020 using the discount rate of 10% per annum, the fair value of the loans is estimated at Rs. 46.581 million. The difference of Rs. 15.42 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. 5.63 million is recognized in profit and loss account using the effective interest method.

15.2 The above loans are subordinated with M/s Habib Bank Ltd., Corporate Center Branch, Multan against certain financial facilities provided by them.

	Note	2017 Rupees	2016 Rupees
16. DEFERRED LIABILITIES			
Deferred taxation	16.1	196,146,521	213,690,769
Staff retirement benefits - gratuity	16.2	23,954,522	20,787,250
		220,101,043	**234,478,019**

16.1 The deferred taxation comprises of:

	2017 Rupees	2016 Rupees
Taxable temporary differences on:		
Surplus on revaluation of property, plant and equipment	110,791,522	126,774,438
Accelerated tax depreciation on property, plant and equipment	89,977,251	91,310,507
	200,768,773	218,084,945
Deductible temporary differences on:		
Provision for staff retirement benefits - gratuity	(4,300,097)	(4,044,962)
Provision for doubtful receivables	(322,155)	(349,214)
	196,146,521	**213,690,769**

	Balance as at July 01, 2016	Recognized in equity	Recognized in SOCI	Recognized in profit and loss	Balance as at June 30, 2017
	---------- Rupees ----------				
Movement for the year ended June 30, 2017					
Deferred tax credits					
Surplus on revaluation of property, plant and equipment	126,774,438	(9,823,134)	-	(6,159,782)	110,791,522
Accelerated tax depreciation	91,310,507	-	-	(1,333,256)	89,977,251
Deferred tax debits					
Provision for gratuity	(4,044,962)	-	(380,567)	125,432	(4,300,097)
Provision against doubtful receivables	(349,214)	-	-	27,059	(322,155)
June 30, 2017	**213,690,769**	**(9,823,134)**	**(380,567)**	**(7,340,547)**	**196,146,521**

	Balance as at July 01, 2015	Recognized in equity	Recognized in SOCI	Recognized in profit and loss	Balance as at June 30, 2016
	---------- Rupees ----------				
Movement for the year ended June 30, 2016					
Deferred tax credits					
Surplus on revaluation of property, plant and equipment	136,315,557	(2,454,084)	-	(7,087,035)	126,774,438
Accelerated tax depreciation	79,114,799	-	-	12,195,708	91,310,507
Deferred tax debits					
Provision for gratuity - restated	(2,619,828)	-	68,087	(1,493,221)	(4,044,962)
Provision against doubtful receivables	(355,616)	-	-	6,402	(349,214)
June 30, 2016	**212,454,912**	**(2,454,084)**	**68,087**	**3,621,854**	**213,690,769**

	Note	2017 Rupees	2016 Rupees
16.2 Staff retirement benefits - gratuity			
Liability recognized in the balance sheet			
Present value of defined benefit obligation		**23,954,522**	**20,787,250**
Movement in liability for defined benefit obligation			
Opening balance		20,787,250	13,221,037
Charge for the year		15,925,508	14,734,213
Actuarial gain / (loss)		2,120,022	(349,900)
Benefits paid during the year		(14,878,258)	(6,818,100)
Provision for gratuity		**23,954,522**	**20,787,250**
Change in present value of defined benefit obligation			
Opening defined benefit obligation		20,787,250	13,221,037
Current service cost for the year		14,957,769	13,802,074
Interest cost for the year		967,739	932,139
Benefits paid during the year		(14,878,258)	(6,818,100)
Remeasurement of plan obligation		2,120,022	(349,900)
		23,954,522	**20,787,250**
Charge for the year			
Current service cost		14,957,769	13,802,074
Interest cost		967,739	932,139
		15,925,508	**14,734,213**
Charge for the year has been allocated as follows:			
Cost of goods sold	22.2	14,894,231	13,829,598
Administrative expenses	25.1	1,031,277	904,615
		15,925,508	**14,734,213**
Total remeasurements chargeable to other comprehensive income			
Remeasurement of plan obligation:			
Experience adjustments		**2,120,022**	**(349,900)**
Maturity Profile			
Average duration of liability		**10 Years**	**8 Years**

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 21.60 million.

Sensitivity analysis as at June 30, 2017

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. 2,691,208 / (increase by Rs. 3,325,482).

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 3,325,482 / (decrease by Rs. 2,736,985).

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	2017 Rupees	2016 Rupees
17.	***TRADE AND OTHER PAYABLES***			
	Creditors		85,638,419	102,659,771
	Advance from customers		3,647,459	2,763,475
	Accrued liabilities		89,879,754	64,805,862
	Withholding tax payable		2,213,421	5,840,197
	Unclaimed dividend		5,084,726	5,088,673
	Workers' profit participation fund	17.1	2,358,496	3,032
	Workers' welfare fund	23.1	6,002,600	15,779,115
	Others		624,720	1,447,235
			195,449,595	**198,387,360**
17.1	***Workers' profit participation fund***			
	Opening balance		3,032	3,032
	Interest on funds utilized		-	-
			3,032	3,032
	Paid during the year		-	-
			3,032	3,032
	Allocation for the year		2,355,464	-
			2,358,496	**3,032**
18.	***ACCRUED MARKUP***			
	Accrued mark-up on:			
	- Long term financing		2,118,624	2,829,202
	- Short term borrowings		20,657,859	22,776,993
			22,776,483	**25,606,195**

		Note	2017 Rupees	2016 Rupees
19.	***SHORT TERM BORROWINGS***			
	Secured - under markup arrangements			
	Running finance	19.1	629,046,690	652,865,507
	Cash finance	19.2	390,933,712	496,261,199
	Murabaha finance	19.3	108,023,068	33,466,642
			1,128,003,470	**1,182,593,348**

19.1 These running finance facilities have been obtained from various Banks 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 6.79% to 7.77% per annum (2016: 2.25% to 10.91% per annum).

19.2 These facilities have been obtained from various Banks 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 6.92% to 7.29% per annum (2016: 6.85% to 8.49% 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 (2016: KIBOR+1.15%).

These facilities are expiring on various dates by March 31, 2018.

19.4 Short term borrowings are available from various commercial banks under mark-up arrangements aggregating to Rs. 2,900 million (2016: Rs. 2,870 million) of which facilities remained un-utilized at the year end amounted to Rs. 1,771 million (2016: 1,687). Facilities available for opening letters of credit and guarantee aggregate to Rs. 130 million (2016: Rs. 330 million) of which facilities remained un-utilized at the year end were Rs. 111.8 million (2016: Rs. 323.94 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. 0.886 million. In this respect an amount of Rs. 0.161 million has been received against Zila Tax. The refund of the balance amount of Rs. 0.725 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. 65.283 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. Nil (2016: Rs. 21.40 million) and letter of guarantees is Rs. 7.43 million (2016: Rs. 6.50 million).

	Note	2017 Rupees	2016 Rupees
21. SALES - NET			
Local			
Yarn		2,985,812,366	2,773,621,286
Waste		37,201,663	45,197,866
Doubling process income		80,750	2,019,000
		3,023,094,779	2,820,838,152
Export			
Yarn		1,804,975,415	1,541,853,206
Export Rebate	21.1	35,068,574	-
		4,863,138,768	4,362,691,358
Less: sales tax		-	(82,101,529)
		4,863,138,768	**4,280,589,829**

21.1 The export rebate amounting Rs. 35 million has been recorded under the "Duty Drawback of Taxes Order 2016-17 issued on January 23, 2017.

22. COST OF GOODS SOLD

	Note	2017 Rupees	2016 Rupees
Raw materials consumed	22.1	3,261,468,830	2,973,681,899
Salaries, wages and benefits	22.2	337,938,004	323,222,975
Stores consumed		42,461,353	40,100,487
Packing materials consumed		77,803,948	80,079,520
Power and fuel		588,415,307	597,461,770
Repair and maintenance		8,394,233	8,508,898
Insurance		10,488,695	10,414,248
Depreciation	5.2	86,806,317	85,712,645
Others		22,150	18,850
		4,413,798,837	4,119,201,292
Work-in-process			
Opening stock		49,062,672	39,556,000
Closing stock		(40,217,892)	(49,062,672)
		8,844,780	(9,506,672)
Cost of goods manufactured		4,422,643,617	4,109,694,620
Finished goods			
Opening stock		289,384,807	200,151,859
Purchases and purchase expenses		42,425,500	32,850,920
Closing stock		(223,196,156)	(289,384,807)
		108,614,151	(56,382,028)
		4,531,257,768	**4,053,312,592**

		Note	2017 Rupees	2016 Rupees
22.1	***Raw materials consumed***			
	Opening stock		449,003,590	333,329,334
	Purchases and purchase expenses		3,219,808,176	3,086,770,798
			3,668,811,766	3,420,100,132
	Closing stock		(410,825,120)	(449,003,590)
			3,257,986,646	2,971,096,542
	Cotton cess		3,482,184	2,585,357
			3,261,468,830	**2,973,681,899**

22.2 These include Rs. 14.89 million (2016: Rs. 13.83 million) in respect of staff retirement benefits.

		Note	2017 Rupees	2016 Rupees
23.	***OTHER INCOME***			
	Income from financial assets			
	Exchange gain		6,263,519	5,446,821
	Income from assets other than financial assets			
	Miscellaneous income		1,335,189	458,360
	Insurance claim		644,656	1,656,980
	Bad debt recovery		331,988	-
	Reversal of WWF	23.1	10,671,591	-
			12,983,424	2,115,340
			19,246,943	**7,562,161**

23.1 Through Finance Act, 2008 an amendment was made in section 4(5) of the Workers Welfare Fund Ordinance 1971 (WWF Ordinance), whereby WWF liability was made applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return. In the year 2011, the Lahore High Court struck down the aforementioned amendments to the WWF Ordinance. However Sindh High Court through its order dated March 1, 2013 held that amendments made in WWF Ordinance through Finance Act, 2008 were constitutional.

During the year the Supreme Court has upheld the decision of Lahore High Court and declared the changes made in WWF Ordinance through Finance Act 2008 as ultra vires and void ab initio. The amount includes provision for the year on the basis of tax profit and reversal of excess provisioning made on the basis of accounting profit from year 2011 till 2015.

		Note	2017 Rupees	2016 Rupees
24.	***DISTRIBUTION COST***			
	Export expenses (including freight on export sales)		32,859,007	27,466,439
	Commission		31,539,061	27,230,599
	Export development surcharge		4,552,564	2,601,272
	Freight, forwarding and others		8,171,397	9,452,722
			77,122,029	**66,751,032**

		Note	2017 Rupees	2016 Rupees
25.	***ADMINISTRATIVE EXPENSES***			
	Directors' meeting fee		60,000	90,000
	Salaries and benefits	25.1	67,849,168	58,651,551
	Vehicles running and maintenance		7,608,145	7,220,388
	Traveling and conveyance		8,596,315	14,204,216
	Printing and stationery		715,439	960,322
	Communication		3,070,611	2,907,486
	Electricity and gas		3,948,108	3,021,592
	Rent, rates and taxes		306,500	296,007
	Repairs and maintenance		2,977,356	2,490,364
	Entertainment		905,137	1,136,478
	Subscription		931,564	2,461,465
	Insurance		1,347,937	1,091,806
	Donation	25.2	491,400	1,711,500
	Advertisement		-	67,850
	Depreciation	5.2	3,667,358	4,288,420
	Auditors' remuneration	25.3	650,000	650,000
	Legal and professional		522,040	893,796
	Others		581,349	930,740
			104,228,427	**103,073,981**

25.1 These include Rs. 1.034 million (2016: Rs. 0.904 million) in respect of staff retirement benefits.

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

		Note	2017 Rupees	2016 Rupees
25.3	***Auditors' remuneration***			
	Statutory audit fee		500,000	500,000
	Half yearly review		150,000	150,000
			650,000	**650,000**
26.	***OTHER OPERATING EXPENSES***			
	Worker's welfare fund		898,176	-
	Worker's profit participation fund		2,355,464	-
			3,253,640	**-**
27.	***FINANCE COST***			
	Mark up on:			
	Long term financing		9,343,572	10,262,782
	Short term borrowings		82,408,849	76,819,258
			91,752,421	87,082,040
	Unwinding of discount on long term loans from related parties	15	5,636,363	5,123,967
	Bank charges		5,839,479	4,151,618
			103,228,263	**96,357,625**

	Note	2017 Rupees	2016 Rupees
28. TAXATION			
Current			
Current taxation		48,313,640	42,805,898
Tax credit u/s 65B		(3,957,465)	(15,805,104)
		44,356,175	27,000,794
Deferred		(7,340,547)	3,621,854
Prior year adjustment		32,938	(1,598,152)
		37,048,566	**29,024,496**

28.1 Tax charge reconciliation

	2017	2016
Applicable tax rate	*31%*	*32%*
Profit/(Loss) before tax	**63,295,584**	**(31,343,240)**
Tax on accounting profit before tax	19,621,631	(10,029,837)
Effect of NTR	17,044,998	27,954,347
Effect of FTR	11,647,011	24,881,388
Effect of Deferred Tax	(7,340,547)	3,621,854
Tax credit u/s 65B	(3,957,465)	(15,805,105)
Prior year tax adjustment	32,938	(1,598,152)
Current year provision	**37,048,566**	**29,024,496**

28.2 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997 is not liable to pay minimum tax under section 80-D of the repealed Income Tax Ordinance, 1979. Consequently, Minimum Tax paid under protest and tax deducted at source till September 30, 1999 were accounted for as recoverable under loans and advances, as disclosed in note 9.

29. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2017	2016
Profit/(Loss) for the year	*Rupees*	26,247,018	(60,367,736)
Weighted average number of shares	*Number*	16,800,000	16,800,000
Earnigns per share - basic and diluted	*Rupees*	1.56	(3.59)

30. FINANCIAL RISK MANAGEMENT

30.1 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.

30.2 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. 546.541 million (2016: Rs. 483.380 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:

	2017 Rupees	2016 Rupees
Financial assets as per balance sheet		
Deposits	5,668,939	5,668,939
Trade debts	268,592,414	320,373,785
Loans and advances	26,391,443	10,703,053
Bank balances	30,802,052	10,531,570
	331,454,848	**347,277,347**

30.2.1 Credit risk related to Trade debts

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.

30.3 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.

30.3.1 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 finance	*5 - 14.41*	-	68,531,926	145,187,000	-	213,718,926
Short term borrowings	*3.85 - 14.3*	-	1,128,003,470	-	-	1,128,003,470
Non interest bearing						
Trade and other payables		-	183,441,040	-	-	183,441,040
Accrued mark up		22,776,483	-	-	-	22,776,483
June 30, 2017		**22,776,483**	**1,379,976,436**	**145,187,000**	**-**	**1,547,939,919**
Financial liabilities						
Interest bearing						
Long term finance	*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		-	179,841,738	-	-	179,841,738
Accrued mark up		25,606,195	-	-	-	25,606,195
June 30, 2016		**25,606,195**	**1,432,965,176**	**179,922,306**	**-**	**1,638,493,677**

30.3.2 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	-	268,592,414	-	-	-	268,592,414
Loans and advances	-	25,543,422	-	-	-	25,543,422
June 30, 2017	**-**	**294,135,836**	**-**	**5,668,939**	**-**	**299,804,775**
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**

30.3.3 Financing facilities

Secured bank loan facilities with various maturity dates through to 2017 and which may be extended by mutual agreement:

	2017 Rupees	2016 Rupees
- amount used	1,341,722,396	1,433,045,744
- amount un-used	1,741,996,530	1,888,364,656

30.4 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.

30.4.1 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.

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

	2017 Rupees	2016 Rupees
- Short term borrowings	1,128,003,470	1,182,593,348
- Long term loans	213,718,926	44,401,300
	1,341,722,396	**1,226,994,648**

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

- Long term financing	53,333,336	90,000,052
- Long term loans from related parties	56,363,637	62,000,000
	109,696,973	**152,000,052**

30.4.3 Interest rate sensitivity

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Companys profit for the year would have been lower / higher by Rs. 13.87 million (2016: Rs. 12.70 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

30.5 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, 2017, the total foreign currency risk exposure was Rs. 106.16 million (2016: Rs. 104.67 million) in respect of trade debts only.

30.6 Foreign currency sensitivity analysis

At June 30, 2017, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been higher / lower by Rs. 10.61 million (2016: Rs. 10.47 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency trade debts.

30.7 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).

30.8 Financial instruments by category

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

	2017 Rupees	***2016 Rupees***
Financial assets as per balance sheet		
Deposits	5,668,939	5,668,939
Trade debts	268,592,414	320,373,785
Loans and advances	25,543,422	19,235,500
Cash and bank balances	32,176,107	17,845,776
	331,980,882	**363,124,000**
Financial liabilities as per balance sheet		
Long term financing	145,187,000	179,922,306
Long term loans from related parties	46,581,518	56,363,637
Short term borrowings	1,128,003,470	1,182,593,348
Accrued mark up	22,776,483	25,606,195
Trade and other payables	184,875,078	176,765,016
	1,527,423,549	**1,621,250,502**

31. 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:

	2017 *Rupees*	*2016* *Rupees*
Total debt	1,388,303,914	1,489,409,381
Less: cash and cash equivalents	(32,176,107)	(17,845,776)
Net debt	**1,356,127,807**	**1,471,563,605**
Total equity	1,235,843,256	1,186,094,076
Adjusted capital	**2,591,971,063**	**2,657,657,681**
Debt-to-adjusted capital ratio	52%	55%

The decrease in the debt-to-equity ratio in 2017 resulted primarily due to decrease 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.

32. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

	Chief Executive	*Directors*	*Executives*	*Chief Executive*	*Directors*	*Executives*
Particulars	*June 30, 2017*			*June 30, 2016*		
Managerial remuneration	3,600,000	2,400,000	3,805,000	3,600,000	2,400,000	3,450,700
Utilities	507,970	453,810	-	498,250	437,780	-
	4,107,970	**2,853,810**	**3,805,000**	**4,098,250**	**2,837,780**	**3,450,700**
Number of persons	1	1	3	1	1	3

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

32.2 Meeting fee amounting to Rs. 60,000 (2016: Rs.90,000) was paid to non-executive directors of the Company during the year.

33. TRANSACTIONS WITH RELATED PARTIES

33.1 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. There are no other significant transactions with related parties.

34. PLANT CAPACITY AND ACTUAL PRODUCTION

		2017	2016
Spinning Unit-1			
Spindles installed and worked	No.	18,672	18,672
Shift worked	No.	1,022	1,021
Standard production after conversion into 20's count	Kgs	6,398,891	6,398,891
Actual production of yarn after conversion into 20's count	Kgs	5,186,155	5,180,435
Spinning Unit-II			
Spindles installed and worked	No.	27,864	27,864
Shift worked	No.	1,007	1,002
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	4,185,296	4,166,657
Spinning Unit-III			
Spindles installed and worked	No.	23,904	23,904
Shift worked	No.	891	899
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	5,510,786	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.

35. NUMBER OF EMPLOYEES

The total / average number of employees for the year ended June 30, 2017 and 2016 respectively were as follows:

	2017	2016
	Number	
Total number of employees as at June 30,	**1,514**	**1,519**
Average number of employees during the year	**1,539**	**1,531**

36. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue on 04.10.2017 by the Board of Directors of the Company.

37. 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 30.06.2017

	NO OF HOLDERS	Shareholding From	Shareholding To	Totoal Number of Share Held	%age
	76	1	100	**3,090**	0.02
	303	101	500	**141,814**	0.84
	111	501	1,000	**108,646**	0.65
	79	1,001	5,000	**228,232**	1.36
	21	5,001	10,000	**161,345**	0.96
	7	10,001	15,000	**86,500**	0.51
	5	15,001	20,000	**90,000**	0.54
	3	20,001	25,000	**69,000**	0.41
	1	25,001	30,000	**28,600**	0.17
	1	30,001	35,000	**35,000**	0.21
	1	35,001	40,000	**39,500**	0.24
	1	40,001	45,000	**41,000**	0.24
	4	45,001	50,000	**196,100**	1.17
	3	75,001	80,000	**234,500**	1.40
	2	80,001	85,000	**161,000**	0.96
	1	85,001	90,000	**90,000**	0.54
	1	110,001	115,000	**113,500**	0.68
	1	140,001	145,000	**141,000**	0.84
	1	150,001	155,000	**152,321**	0.91
	2	165,001	170,000	**338,000**	2.01
	2	175,001	180,000	**353,000**	2.10
	1	180,001	185,000	**182,000**	1.08
	2	205,001	210,000	**419,000**	2.49
	1	260,001	265,000	**262,000**	1.56
	1	375,001	380,000	**376,500**	2.24
	4	700,001	705,000	**2,815,743**	16.76
	3	775,001	780,000	**2,328,915**	13.86
	1	1,465,001	1,470,000	**1,465,121**	8.72
	1	1,475,001	1,480,000	**1,476,921**	8.79
	2	1,495,001	1,500,000	**2,995,563**	17.83
	1	1,665,001	1,670,000	**1,666,089**	9.92
TOTAL	**643**	**16,800,000**		**16,800,000**	**100**

Category wise Pattern of Total Shareholding
As on June 30, 2017

	Categories of Shareholders	No. of Shareholders	No. of Shares	%age
1	Joint Stock Companies	6	647,501	3.85
2	Investment Companies	1	1,500	0.01
3	Individuals	624	13,730,808	81.73
4	Financial Institutions	1	936	0.01
5	Mutual Funds	1	1,666,089	9.92
6	Funds	10	753,166	4.48
		643	16,800,000	100

PATREN OF SHAREHOLDING

AS ON JUNE 30, 2017

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	16,666,089
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-173	MAPLE LEAF CAPITAL LIMITED	1	-
2	CDC-233	TIME SECURITIES (PVT.) LTD.	3,000	0.0179
3	CDC-316	FIKREE'S (SMC-PVT) LTD.	5,500	0.0327
4	CDC-245	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	500	0.0030
5	CDC-155	TREET CORPORATION LIMITED.	376,500	2.2411
6	CDC-5	TREET CORPORATION LIMITED.	262,000	1.5595
			647,501	**3.8542**
Investment Companies				
1	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)	1,500	0.0089
			1,500	**0.0089**
Individual				
			13,730,808	**81.7310**
Financial Institution				
1	CDC-176	NATIONAL BANK OF PAKISTAN	936	0.0056
			936	**0.0056**
Mutual Funds				
1	CDC-319	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,666,089	9.9172
			1,666,089	**9.9172**
Funds				
1	CDC-156	TRUSTEES TREET CORP LTD EMP PROVIDENT FD	90,000	0.5357
2	CDC-8	TRUSTEE - TREET CROPORATION LIMITED G.E. GRATUITY	39,500	0.2351
3	CDC-158	TRUSTEES TRE CORP LTD SUPERANNUATION FD	113,500	0.6756
4	CDC-131	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	5,345	0.0318
5	CDC-6	TRUSTEES-TREET CORP. LTD. E.SUPERANNVAT FUND	500	0.0030
6	CDC-157	TRUSTEES TREET CORP LTD EMP GRATUTY FUND	50,000	0.2976
7	CDC-164	TRUSTEES TREET CORPORATION LTD GROUP EMPLOYEES SEVICE FUND	80,500	0.4792
8	CDC-123	TRUSTEES NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	152,321	0.9067
9	CDC-7	TRUSTEE- TREET COR. LTD EMP. PROVIDENT FUND	141,000	0.8393
10	CDC-9	TRUSTEE- TREET CORPORATION LTD. GROUP EMPLOYEES SEVICE FUND	80,500	0.4792
			753,166	**4.4831**
		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 2017

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).