ANNUAL REPORT 2017




MAHMOOD GROUP

Mahmood Textile Mills Ltd.

Content

Business Review

Corporate Governance

Financials Statements

Form of Proxy

Corporate Information

Board of Directors:

Khawaja Muhammad Masood	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Ilyas	Director
Khawaja Muhammad Younus	Director
Khawaja Muhammad Muzaffar Iqbal	Director
Khawaja Hussam-ud-din Roomi	Director
Abdul Rehman Qureshi	Independent Director

Chief Financial Officer / Company Secretary

Muhammad Amin Pal
F.C.A.

Auditors

Shinewing Hameed Chaudhri & Co
Chartered Accountants
H M House, 7-Bank Square,
Lahore.

Stock Exchange Listing

The Mahmood Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange in Pakistan.

Bankers

MCB Bank Limited
United Bank Limited
Habib Bank Limited
Allied Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Bank Alfalah Limited

Mills

Mahmoodabad, Multan Road, Muzaffargarh.
Masoodabad, D.G. Khan Road, Muzaffargarh.
Chowk Sarwar Shaheed, District Muzaffargarh.

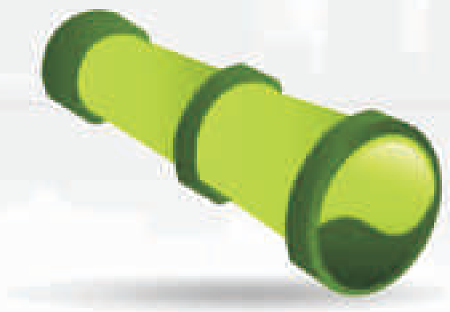
Registered Office

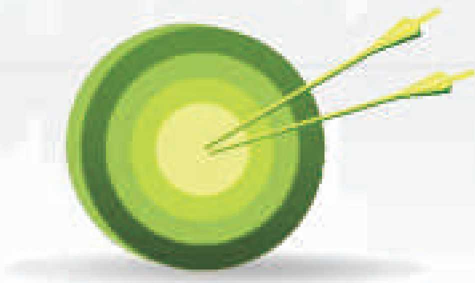
Mehr Manzil, Lohari Gate, Multan.
Tel.: 061-111-181-181 Fax: 061-4511262
E-mail: info@mahmoodgroup.com

Share Registrar

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

www.mahmoodgroup.com





Vision

To be recognized internationally and locally as dynamic, quality conscious and ever progressive Textile Product manufacturer in the Textile Industry of Pakistan

Mission

Mahmood Group is committed to:

- Be ethical in its practices.
- Excel through continuous improvement by adopting most modernized technology in production.
- Operate through professional Team work.
- Retain our position as leaders and innovators in the Textile Industry.
- Achieve Excellence in the quality of our product.
- Be a part of country's economic development and social Prosperity.

Notice of Annual General Meeting

Notice is hereby given that 47th Annual General Meeting of the Company will be held on Saturday, 28th October, 2017 at 11.00 A.M., at its Registered Office, Mehr Manzil, Lohari Gate, Multan to transact the following business:

1. To confirm the Minutes of the Extraordinary General Meeting held on 31-01-2017.
2. To receive, consider and adopt the annual audited financial statements for the year ended 30th June, 2017 together with Directors' and Auditors' Reports thereon.
3. To approve payment of Cash Dividend @ 90% (Rs.9/- per ordinary share of Rs.10/- each) for the year ended 30th June,2017 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2017-18 and to fix their remuneration. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s .Shinewing Hameed Chaudhri & Company, Chartered Accountants, Lahore as external auditors. The retiring auditors being eligible have offered themselves for re-appointment.
5. To transact any other ordinary business as may be placed before the Meeting with the permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
MUHAMMAD AMIN PAL
Company Secretary

Multan.
Date: 7th October, 2017.

NOTE:-

i) The Share Transfer Books of the Company will remain closed from 20th October to 31st October,2017 (Both days inclusive).

ii) A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend , speak and vote on behalf of him/her. Proxy must be a member, Proxy Form duly completed should reach the registered office of the Company at least 48 hours before the time of Meeting.

iii) Any individual beneficial owner 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 Corporate Members, the Board's resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.

iv) All Shareholders are requested to send us copy of their NTN Number/ Certificate immediately for the payment of dividend, otherwise Income tax will be deducted @ 20% instead of 15% from the dividend amount, as per requirement of Finance Act,2017.

v) All Shareholders are again requested to send immediately their Bank A/c No. & IBAN No & Name of Bank/Branch/City along with copy their CNIC to enable the Company to send the amount of dividend to them through Bank A/c on-line system, as per directions of the SECP.

vi) Members are requested to notify immediately any change in their addresses.

vii) Members can also avail Video Conference facility (name of cities where facility can be provided keeping in view geographical Company within 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 MAHMOOD 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.

Honours and Achievements

Directors' Report To The Members

The Directors are pleased to present Annual Report of your Company together with Audited Financial Statements for the year ended June 30, 2017. Figures for the previous year ended June 30, 2016 are also included for comparison.

COMPANY PERFORMANCE

Reporting year is comparatively better year due to financial performance of the Company and its associated companies. Despite of the global economic slackness and cutthroat competition profit after tax of the Company in financial year 2016-17 is Rs.317.205 million as compare to loss after tax of Rs.56.159 million in year 2015-16. The main reasons for this increase in profitability are new products development, cost controls and focus on efficient operations. Furthermore profit earned from stock market also contributed.

OPERATING RESULTS AND PERFORMANCE

Operating results along with appropriations are summarized as under

Description	For the year ended June 30,	
	2017	2016
Sales - Net	--------- Rupees ---------	
Local	2,669,261,802	2,282,678,278
Export	13,078,684,974	11,381,030,220
	15,747,946,776	13,663,708,498
Gross Profit	1,005,912,683	1,097,384,073
Profit Before Tax	467,152,860	2,634,156
Profit / (Loss) after tax	317,205,694	(56,158,895)
Earnings / (Loss) per share	21.15	(3.74)

TEXTILE INDUSTRY OUTLOOK

Despite of the significant importance of this sector at economic forum, its performance remained subdued on account of lackluster performance of cotton yarn and cotton cloth in the local and international market. Textile Exports have shown declined continuously during the last four years because of the high cost of doing business as compared to competitor countries and undeceive policies by the government for the industry. Government acknowledges steep decline in exports and promise some relief to the textile sector to encourage export but no tangible relief has been announced for which our industry is anxiously waiting.

The electricity tariffs are significantly higher as compared to competitor countries and it is a major factor contributing to higher cost of production. The government must take immediate steps to nullify the difference to provide a level playing field to compete in the international market.

It is also on part of government to take note of the continuous decline in cotton production every year. So it is the high time to take notice and an exclusive Research & Development Department must be established to evaluate and bring such seed for cotton which is as per International Standards and beneficial to grower as well. Otherwise we fear that if not done, it will be very difficult for textile industry to survive and mills may become more uncompetitive that will ultimately bring negative effect on our economy.

In our opinion, the development of new seed is a time taking task; in the meantime Government must take immediate steps to import cotton seed which is suitable to our soil. We suggest that until & unless we achieve the optimum production level, the ban imposed on import of cotton should be lifted.

THE CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Mahmood Textile Mills Limited is committed to the principles of good Corporate Governance, proper internal controls, risk management, policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

The independent Director was appointed in the extraordinary general meeting of the Company held on January 31, 2017; resultantly, Chairman of the Board Audit Committee was not an independent Director and Human Resource and Remuneration Committee did not include an independent Director during the period from July 01, 2016 to January 30, 2017.

CORPORATE SOCIAL RESPONSIBILITY

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities for employees working at plant.

DIVIDEND PAYOUT

According to Dividend payout strategy the management wish to pay good return to the shareholders of the Company keeping in view profitability for the year and to comply with regulatory requirements of FBR. Therefore, Board has recommended to pay 90% cash dividend @ Rs. 9 per share this year which will be put up in the Annual General Meeting for approval by the shareholders of the Company.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Code of Corporate Governance as contained in the Listing Regulations of Pakistan Stocks Exchange. A statement to the fact is annexed with this report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company has been in compliance with Corporate Governance and Financial Reporting Frame Work and the Directors confirm that:

a) The financial statements for the year ended June 30, 2017 prepared by the management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of accounts have been maintained by the Company.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

e) The system of internal controls is sound in design and has been effectively implemented and monitored.

f) There are no doubts upon the Company's ability to continue as a going concern.

g) There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of shareholding.

h) There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations as on June 30, 2015.

i) Key operating and financial data of the Company for the last six years is annexed.

j) The attendance of the Directors in Board and its committees meetings held during the year is annexed.

SHAREHOLDING PATTERN

The shareholding pattern as at June 30, 2017 including the information under the Code of Corporate Governance, for ordinary shares is annexed.

STATUTORY AUDITORS

The present auditors, M/s Shinewing Hameed Chaudhry & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2018.

FUTURE OUTLOOK

The overall economic environment continues to remain conducive for the growth. Availability of energy supplies and improvement in law and order situation has promoted business climate. The CPEC is now a reality and is expected to bring significant investments for infrastructure projects, especially road infrastructure and energy projects. This will have ripple effect on overall economic growth.

However, below target production of domestic cotton crop for season 2017-18, increasing trend in power & fuel prices may adversely affect the competitiveness of textile industry in international markets.

ACKNOWLEDGEMENT

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the growth of the Company. The Directors feel pleasure in expressing appreciation for the continued interest and support of all the shareholders, bankers, various government bodies of the Company while performing their duties during the period and hope that the same spirit will prevail in the future as well.

For and on behalf of the Board

Sd/-
(Khawaja Muhammad Masood)
Chairman

Multan
Dated: 7th October 2017

کارپوریٹ اور مالیاتی فنکشن کا کام

کمپنی کارپوریٹ گورننس اور مالیاتی رپورٹنگ کے مطابق کام کر رہی ہے اور ڈائریکٹران اس بات کی تصدیق کرتے ہیں کہ:

ا) اس سال کے مالیاتی اسٹیٹمنٹ سال 30 جون، 2017 جو کمپنی کے انتظامیہ نے تیار کئے ہیں وہ کمپنی کے معاملات کے نتائج، رقم کی تفصیلات اور چینجز ان ایکوئٹی کو درست انداز میں پیش کرتے ہیں۔

ب) کمپنی میں اکاؤنٹس کی کتابوں کو صحیح طریقے سے تیار کیا گیا ہے۔

ج) مناسب اکاؤنٹنگ پالیسیوں کو مسلسل مالی اسٹیٹمنٹ کی تیاری میں لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور پروڈنٹ فیصلے پر مبنی ہے۔

د) بین الاقوامی اکاؤنٹنگ معیار، جوکہ پاکستان میں قابل اطلاق ہے، مالیاتی اسٹیٹمنٹ کی تیاری میں استعمال کیے گئے ہیں۔

ر) انٹرنل کنٹرول کا نظام بہت اچھا ہے۔ اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

س) اگلے کئی سالوں میں کمپنی کا کام جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔

ش) اس سال کے دوران، سی ای او، ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری، ان کے بھائیوں اور چھوٹے بچوں کی طرف سے حصص کی کوئی تجارت نہیں کی گئی سوائے اس کے جو شیئر ہولڈنگ پیٹرن میں بیان کیے گئے ہیں۔

ص) 30 جون، 2015 کو فہرست سازی کے قواعد وضوابط کے مطابق کارپوریٹ گورننس کی بہترین حکمتِ عملی سے کسی بھی اہم نکتے کو نظر انداز نہیں کیا گیا۔

ض) پچھلے چھ سالوں کے کمپنی کے اہم آپریٹنگ اور مالیاتی اعداد و شمار منسلک ہیں۔

ط) سال کے دوران منعقد بورڈ اور کمیٹی میٹنگز میں ڈائریکٹران کی حاضری منسلک ہے۔

پیٹرن آف شیئر ہولڈنگ

رپورٹ میں 30 جون، 2017 کے شیئر ہولڈنگ پیٹرن کے مطابق عام حصص کے لئے، کارپوریٹ گورننس کے کوڈ کی معلومات منسلک ہیں۔

آڈیٹرز کی تقرری

موجودہ آڈیٹرز، میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ ہو چکے ہیں اور اہل ہونے کے لئے دوبارہ اپنی خدمات پیش کرتے ہیں۔ آڈٹ کمیٹی نے 30 جون، 2018 تک ختم ہونے والے سال کے لئے کمپنی کے آڈیٹروں کے طور پر ان کی تقرری کیلئے سفارش کی ہے۔

مستقبل کا جائزہ

مجموعی اقتصادی ماحول ترقی کے لئے سازگار رہتا ہے توانائی کی فراہمی اور نظم وضوابط کی صورت حال میں بہتری کاروباری آب و ہوا کو فروغ دے گی۔ سی پیک اب ایک حقیقت ہے اور یہ بنیادی ڈھانچے کے منصوبوں، خاص طور پر سڑک کے بنیادی ڈھانچے اور توانائی کے منصوبوں کے لئے اہم سرمایہ کاری کا پیش خیمہ ثابت ہوگا جس سے مجموعی اقتصادی ترقی پر مثبت اثر پڑے گا۔

تاہم، 18-2017 میں مقامی کپاس کی ہدف سے کم پیداوار، بجلی اور ایندھن کی قیمتوں میں اضافہ ہماری ٹیکسٹائل انڈسٹری کی مسابقت کو بین الاقوامی مارکیٹ میں اثر انداز کرسکتی ہے۔

اعتراف

ڈائریکٹران کمپنی کے عملے اور کارکنوں کی کمپنی کی ترقی کیلئے کی گئی ان کی انتھک محنت کا اعتراف کرتے ہیں۔ ڈائریکٹران اس دوران تمام حصص داروں، بینکوں، مختلف سرکاری اداروں کی اپنے فرائض انجام دہی میں مسلسل دلچسپی اور حمایت کے لئے ان کی تعریف کرنے میں خوشی محسوس کرتے ہیں اور امید کرتے ہیں کہ مستقبل میں بھی یہی جذبہ غالب رہے گا۔

تاریخ:
7 اکتوبر 2017 ء

خواجہ محمد مسعود
چیئرمین

ڈائریکٹرز کی رپورٹ

محمود ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے ڈائریکٹران مالی سال 17-2016 کے حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ گزشتہ مالی سال کے اعداد وشمار تقابلی جائزے کیلئے شامل کیے گئے ہیں۔

کمپنی کی کارکردگی

کمپنی اور اس سے منسلک اداروں کی مجموعی کارکردگی سال 17-2016 میں بہت بہتر رہی۔

عالمی سطح پر شدید مندی اور سخت کاروباری مقابلہ کے باوجود سال 17-2016 میں بعد از ٹیکس منافع 317.205 ملین روپے رہا۔ گزشتہ مالی سال میں بعد از ٹیکس نقصان 56.159 ملین روپے تھا۔ منافع میں اضافہ کی وجوہات میں نئی مصنوعات کی تیاری، اخراجات پر قابو اور بہترین انتظامات کے علاوہ سٹاک مارکیٹ سے منافع شامل ہے۔

کاروباری نتائج اور کارکردگی

کاروبار سے آمدنی اور اس کے استعمال کا مختصر خلاصہ درج ذیل ہے:

تفصیل	سال کے آخر میں جون 30،	
	2016	2017
	.... روپے	
سیلز۔نیٹ		
مقامی	2,282,678,278	2,669,261,802
برآمد	11,381,030,220	13,078,684,974
	13,663,708,498	15,747,946,776
خام منافع	1,097,384,073	1,005,912,683
منافع علاوہ ادائیگی ٹیکس	2,634,156	467,152,860
منافع/(نقصان) بعد ادائیگی ٹیکس	(56,158,895)	317,205,694
آمدنی/(نقصان) فی شیئر	(3.74)	21.15

ٹیکسٹائل انڈسٹری کا جائزہ:

یہ شعبہ ملک کی معیشت میں انتہائی اہمیت کا حامل ہے۔ اس کے باوجود مقامی اور عالمی منڈیوں میں دھاگے اور کپڑے کے شعبوں میں انتہائی ناقص کارکردگی رہی۔ گزشتہ چار سالوں سے ٹیکسٹائل کے برآمدات میں مسلسل کمی ہورہی ہے۔ جس کی بنیادی وجہ ہمارے کاروباری حریفوں کے مقابلے میں ہماری پیداواری لاگت کا زیادہ ہونا ہے۔ حکومت یہ تو تسلیم کرتی ہے کہ برآمدات کم ہورہے ہیں اور یقین دہانی کروائی جاتی ہے کہ ہمیں سہارا دیا جائے گا لیکن عملی اقدامات تاحال نظر نہیں آتے۔

ہمارے توانائی کے اخراجات ہمارے حریف ممالک کے مقابلے میں کافی زیادہ ہے جو کہ ہماری زیادہ پیداواری لاگت کی بنیادی وجہ ہے۔ حکومت کو اس پہلو میں بہتری کیلئے فوری اقدامات کرنے چاہئیں تاکہ ہم عالمی منڈی میں مقابلہ کرسکیں۔

حکومت کو اس بات کا بھی انتہائی سنجیدگی سے جائزہ لینا چاہیئے کہ کپاس کی فصل میں مسلسل کمی کی کیا وجوہات ہیں اور وقت کی اہم ضرورت ہے کہ حکومت ایک ایسا ادارہ قائم کرے جس کا بنیادی کام کپاس کی ان اقسام کی تیاری ہو جو عالمی منڈیوں میں درکار ہو اور کاشتکار بھی منافع کمائے۔ اور اس بات کا قوی امکان ہے کہ اگر ایسا نہ کیا گیا تو ٹیکسٹائل انڈسٹری کیلئے اپنا وجود برقرار رکھنا مشکل ہوجائے گا۔ جس کا ہماری ملکی معیشت پر انتہائی منفی اثر پڑے گا۔

کارپوریٹ گورننس پریکٹس

محمود ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز بہتر کارپوریٹ گورننس، انٹرنل کنٹرول، نقصان کے خدشات سے بچنے کے طریقہ کار، کمپنی کو بہتر طریقے سے چلانے، کمپنی کے اثاثوں کی حفاظت، قواعد وضوابط کی پابندی، بین الاقوامی مالیاتی معیارات کے اصولوں کے مطابق مالیاتی اسٹیٹمنٹ بنانے پر کاربند ہے۔

31 جنوری 2017ء کو منعقد ہونے والے کمپنی کے غیر معمولی جنرل اجلاس میں آزاد ڈائریکٹر کو مقرر کیا گیا تھا۔ بورڈ کے آڈٹ کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر نہیں تھے اور انسانی وسائل اور ریمونریشن کمیٹی نے یکم جولائی، 2016 سے 30 جنوری، 2017 تک مدت کے دوران ایک آزاد ڈائریکٹر شامل نہیں کیا۔

کارپوریٹ سماجی ذمہ داری

کمپنی اس بات پر محکم یقین رکھتی ہے کہ کارپوریٹ سماجی ذمہ داری کو پرعزم طریقہ سے سرانجام دیا جائے اور مسلسل کوشش کرتی ہے کہ جو بھی کمپنی سے بالواسطہ یا بلا واسطہ منسلک ہیں ان کی کمیونٹی کو بہتر سے بہتر کیا جائے۔

کمپنی بڑے پیمانے پر ملازمین اور عوام کی صحت پر خطرے سے بچنے کے محفوظ کام کرنے والے حالات کو برقرار رکھتی ہے۔ انتظامیہ نے پورے سال بھر میں اس کے تمام یونٹس میں محفوظ ماحول کو برقرار رکھا ہے اور اس میں کام کرنے والے ملازمین کے لئے ان کی حفاظت اور رہائشی سہولیات کو مسلسل اپ گریڈ کرتی رہتی ہے۔

ڈیویڈنڈ کی ادائیگی

ڈیویڈنڈ ادائیگی کی حکمت عملی کے مطابق، سال کے لئے منافع بخش نظر رکھنے اور ایف بی آر کے ریگولیٹری ضروریات کو پورا کرنے کے لئے مینجمنٹ کمپنی کے حصص داروں کو اچھا منافع دینا چاہتی ہے۔ لہٰذا، بورڈ نے 90 فیصد نقد ڈیویڈنڈ ادا کرنے کی سفارش کی ہے جو نو روپے فی شیئر ہیں۔ جس کو سالانہ جنرل اجلاس میں کمپنی کے حصص داروں کی طرف سے منظوری کے لئے رکھا جائے گا۔

کارپوریٹ گورننس کے کوڈ کے ساتھ مطابقت

کمپنی نے پاکستان اسٹاک ایکسچینج کی فہرست سازی کے قوانین پر مشتمل کارپوریٹ گورننس کی ضروریات کے ساتھ مکمل طور پر عمل کیا ہے اس پورٹ میں حقائق سے متعلق اسٹیٹمنٹ ملحق ہے۔

Financial Summary

SIX YEARS REVIEW AT A GLANCE

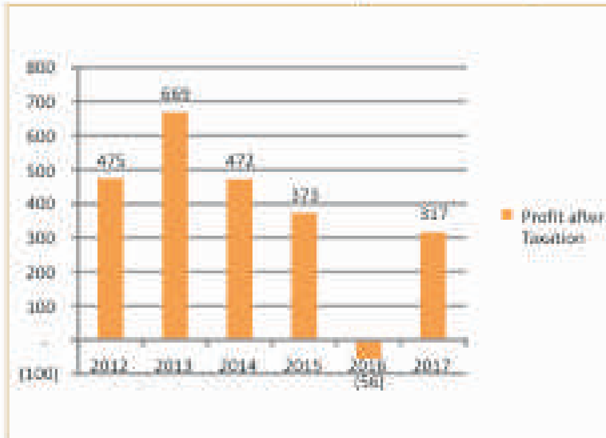
Rupees in Million

	2017	2016	2015	2014	2013	2012
ASSETS :						
FIXED ASSETS	3,197	2,925	3,042	3,035	3,057	2,426
LONG TERM INVESTMENTS	1,493	1,233	1,353	1,212	1,074	921
LONG TERM DEPOSITS	9	9	9	9	8	44
CURRENT ASSETS	9,670	6,529	7,086	4,866	5,046	3,566
TOTAL ASSETS	14,369	10,696	11,490	9,122	9,185	6,957
FINANCED BY:						
EQUITY	4,783	4,466	4,671	4,449	4,127	3,608
LONG TERM LIABILITIES	861	705	919	1,040	1,144	830
DEFFERED LIABILITIES	0	0	115	115	115	115
CURRENT LIABILITIES	8,725	5,525	5,785	3,518	3,799	2,404
TOTAL FUNDS INVESTED	14,369	10,696	11,490	9,122	9,185	6,957
PROFIT AND LOSS:						
SALES - NET	15,748	13,664	13,759	15,475	14,226	14,146
OPERATING PROFIT	786	529	855	888	1,127	1,012
PROFIT BEFORE TAXATION	467	3	535	475	818	633
PROFIT AFTER TAXATION	317	(56)	373	472	669	475
CASH DIVIDENDS	90%	0%	100%	100%	100%	100%
PROFIT C/F	4,626	4,308	4,515	4,291	3,970	3,451

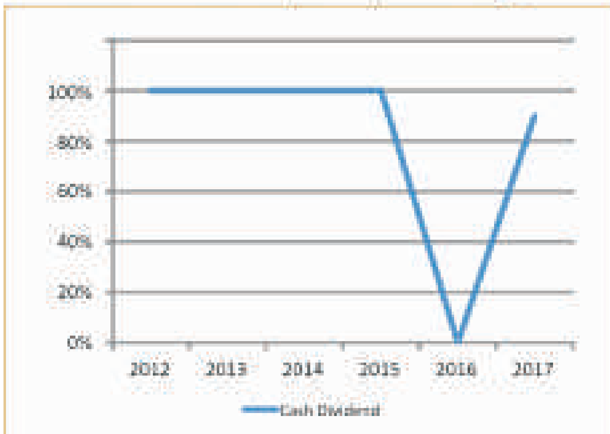
Graphical Presentation

Sales (Rs. in million)

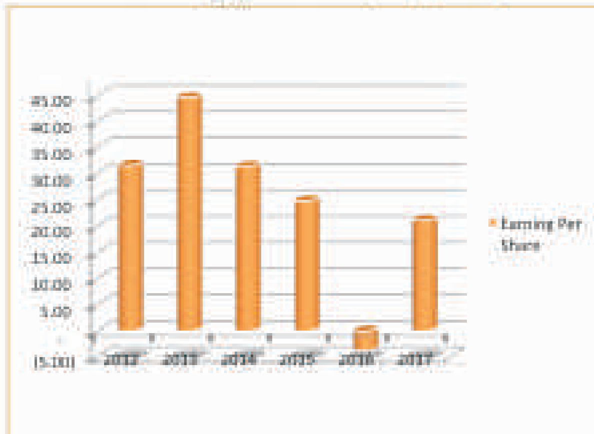
Profit after Taxation (Rs. in million)



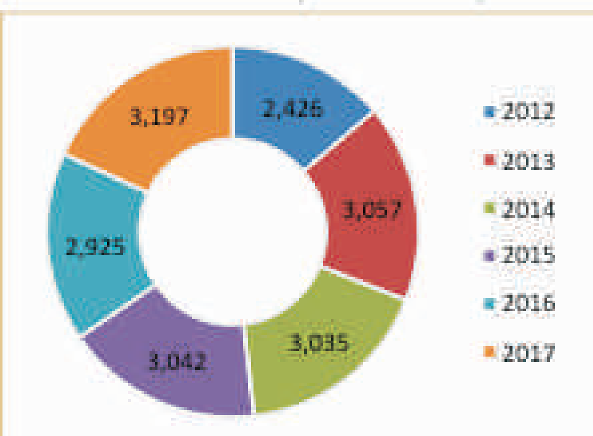
Cash Dividend (Rs. in percentage)



Earning per Share (Rupees)



Fixed Assets (Rs. in million)



Equity (Rs. in million)

Board Human Resource Committee

Composition:

Abdul Rehman Qureshi	Member
Khawaja Muhammad Ilyas	Member
Khawaja Hussam ud din Roomi	Member

Terms of Reference

The Committee makes recommendations to the Board for maintaining (i) a sound organizational plan of the Company, (ii) an effective employee development programme and (iii) sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve said objectives.

The Terms of Reference of the Board Human Resource Committee include review and recommendations for the Board's approval, matters relating to:

(i) Changes in organization, functions and relationships affecting management positions.

(ii) Establishment of Human Resource plans and procedures.

(iii) Determination of appropriate limits of authority and approval procedures for personnel matters.

(iv) Review of employee development system and procedures, early identification and development of key personnel and specific succession plans for senior management positions.

(v) Review and evaluation of compensation policies, practices and procedures.

Board Audit Committee

Composition:

The Board Audit Committee is composed of the following Directors:

Khawaja Muhammad Masood	Member
Khawaja Muhammad Ilyas	Member
Abdul Rehman Qureshi	Member

Terms of Reference

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

(i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.

(ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.

(iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

(iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

(v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.

(vi) Institute special projects or other investigations on any matters specified by the Board of Directors.

The Board Audit Committee met four (4) times during the year with an average participation of all members.

Statement Of Compliance With The Code Of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter 5 clause 5.19.24(b) of the Rule Book of Pakistan Stock Exchange Ltd (PSX) 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.

The company has applied the principles contained in the CCG 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:

Category	Name
Independent Director	Abdul Rehman Qureshi
Non Executive Directors	Khawaja Muhammad Masood Khawaja Muhammad Ilyas Khawaja Hussam-ud-din Roomi
Executive Directors	Khawaja Muhammad Iqbal Khawaja Muhammad Younus Khawaja Muhammad Muzaffar Iqbal

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

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 or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on 07-02-2017 was filled up by the directors within one day on 08-02-2017.
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. The directors of the Company, except for one director, are exempted from the requirement by virtue of their experience as prescribed by SECP in the CCG. Director training program for one director would be completed as per the requirement of CCG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
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 formed an Audit Committee. It comprises 3 Members, of whom 2 are non-executive directors and the chairman of the committee is an independent director.
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 formed an HR and Remuneration Committee. It comprises 3 Members, of whom 2 are non-executive directors and the chairman of the committee is an Independent director.
18. The board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the 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.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors.

Multan: Sd/

Dated: 07 October, 2017 Chairman

Pattern of Shareholding

AS AT JUNE 30, 2017

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO		TOTAL SHARES HELD
25	1	100	Shares	1,242
55	101	500	Shares	12,973
18	501	1,000	Shares	12,088
23	1,001	5,000	Shares	45,644
2	5,001	10,000	Shares	14,922
3	10,001	15,000	Shares	37,354
1	30,001	35,000	Shares	30,269
1	95,001	100,000	Shares	98,935
4	110,001	115,000	Shares	446,408
1	175,001	180,000	Shares	178,704
1	190,001	195,000	Shares	190,035
4	215,001	220,000	Shares	865,411
1	245,001	250,000	Shares	246,144
3	280,001	285,000	Shares	851,865
1	295,001	300,000	Shares	299,058
2	320,001	325,000	Shares	645,788
1	415,001	420,000	Shares	415,633
2	430,001	435,000	Shares	863,396
1	685,001	690,000	Shares	685,204
1	745,001	750,000	Shares	746,508
1	810,001	815,000	Shares	810,575
1	820,001	825,000	Shares	824,914
1	975,001	980,000	Shares	977,945
1	1,005,001	1,010,000	Shares	1,009,088
1	1,095,001	1,100,000	Shares	1,095,479
1	1,100,001	1,105,000	Shares	1,101,403
1	1,170,001	1,175,000	Shares	1,190,102
1	1,305,001	1,310,000	Shares	1,302,913
158				**15,000,000**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE
Directors, Chief Executive Officer & their spouse & minor Children	10	4,984,154	33.23
Associated Companies Undertakings & related parties:	2	882,194	5.88
NIT & ICP:	2	30,469	0.20
Banks, Development Financial Institutions, Non-Banking Financial Institutions:	2	10,844	0.07
Joint Stock Companies:	3	133,464	0.89
Insurance Companies:	-	-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10%:	-	-	-
General Public:			
a. Local:	139	8,958,875	59.73
b. Foreign:	-	-	-
Others:	-	-	-
	158	15,000,000	100

The above two statements include (112) shareholders Holding 1,190,102 Shares through Central Depository Company of Pakistan Limited (CDC).

Information Required As Per Code of Corporate Governance

As At June 30, 2017

	SHARE HOLDER'S CATEGORY	Number of Share Held	Percentage of Shareholding
i)	**Associated Companies, undertaking & related parties (name wise details):**		
	- Masood Spinning Mills Limited	442,140	
	- Roomi Fabrics Limited	440,054	
		882,194	5.85%
ii)	**Mutual Funds (Name wise details):**		
	- NIT & ICP	30,469	0.20%
iii)	**Directors, Chief Executive and their spouse(s) and minor children (name wise details):**		
	1. Khawaja Muhammad Masood, Director (Chairman)	1,009,088	
	2. Khawaja Muhammad Iqbal, Director & Chief Executive	824,914	
	Mst. Khadija Qureshi (Spouse)	98,935	
	3. Khawaja Muhammad Ilyas, Director	685,204	
	Mst. Bilquees Akhtar (Spouse)	746,508	
	4. Khawaja Muhammad Younus, Director	977,945	
	Mst. Robina Younus (Spouse)	111,854	
	5. Khawaja Muhammad Muzaffar Iqbal, Director	415,633	
	6. Khawaja Hussam-ud-din Roomi, Director	111,573	
	7. Mr. Abdul Rehman Qureshi, Independent Director	2,500	
		4,984,154	42.43%
iv)	**Banks, Development Financial Institutions, Non-BankingFinancial Institutions:**		
	- National Bank of Pakistan	10,744	
	- IDBL	100	
		10,844	0.07%
v)	**Joint Stock Companies:**		
	- Ismail Abdul Shakoor (Pvt) Limited (CDC)	3,480	
	- CDC-Trustee National Investment (Unit) Trust	128,063	
	- Crescent Group Service (Pvt) Limited	1,921	
		133,464	0.89%
vi)	**General Public:**		
	i) Local:	8,958,875	50.56%
	ii) Foreign:	-	
	Total:	15,000,000	100%

Directors Attendance At Board Meetings

From July 1st 2015 to June 30, 2017

Sr. No.	Name	Designation	Meeting Held	Meeting Attended
1.	Khawaja Muhammad Masood	Chairman	5	5
2.	Khawaja Muhammad Iqbal	CEO	5	5
3.	Khawaja Muhammad Ilyas	Director	5	5
4.	Khawaja Muhammad Younus	Director	5	5
5.	Jalal-ud-Din Roomi	Director	5	2
6.	Mst. Khadija Qureshi	Director	5	2
7.	Muhammad Muzaffar Iqbal	Director	5	5
8.	Khawaja Hussam-ud-din Roomi	Director	5	2
9.	Mr. Abdul Rehman Qureshi	Independent Director	5	3

Financial Statements

Mahmood Textile Mills Ltd

For the year ended 30 June 2017

Review Report To The Members On Statement Of Compliance With Best Practices Of 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 MAHMOOD TEXTILE MILLS LIMITED (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19.24 (b) of the Rule Book 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 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 of 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, except for the non-compliance with the requirements of the Code highlighted below, 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.

- The independent Director was appointed in the extraordinary general meeting of the Company held on January 31, 2017; resultantly, Chairman of the Board Audit Committee was not an independent Director and Human Resource and Remuneration Committee did not include an independent Director during the period from July 01, 2016 to January 30, 2017.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS.
Audit Engagement Partner: Nafees ud din

Lahore:
Dated: 07 October, 2017

Auditors' Report To The Members

We have audited the annexed balance sheet of MAHMOOD TEXTILE MILLS LIMITED (the Company) as at June 30, 2017 and the related profit and loss account, 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 repealed 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 misstatement. 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 repealed 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 repealed 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 the 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 approved accounting standards as applicable in Pakistan, and, give the information required by the repealed 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, 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).

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS.
Audit Engagement Partner: Nafees ud din

Lahore:
Dated: 07 October, 2017

Balance Sheet

AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,196,769,425	2,924,820,599
Long term investments	6	1,493,608,135	1,233,266,298
Long term deposits		8,732,521	8,732,521
		4,699,110,081	4,166,819,418
Current assets			
Stores, spares and loose tools	7	204,663,062	173,180,729
Stock-in-trade	8	3,336,305,119	2,542,956,536
Trade debts	9	2,212,371,269	1,318,915,400
Loans and advances	10	724,539,984	632,943,147
Other receivables	11	224,306,051	81,157,583
Short term investments	12	2,610,300,592	1,515,059,701
Tax refunds due from the Government	13	343,883,725	240,078,371
Cash and bank balances	14	13,360,633	24,977,265
		9,669,730,435	6,529,268,732
TOTAL ASSETS		14,368,840,516	10,696,088,150
EQUITY AND LIABILITIES			
Equity			
Authorized share capital			
30,000,000 ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up share capital	15	150,000,000	150,000,000
Capital reserve		7,120,600	7,120,600
Unappropriated profit		4,625,757,772	4,308,552,078
		4,782,878,372	4,465,672,678
Liabilities			
Non-current liabilities			
Long term financing	16	861,483,915	705,450,363
Current liabilities			
Trade and other payables	17	1,137,757,831	895,955,581
Accrued mark-up	18	116,961,357	80,738,104
Short term borrowings	19	7,029,862,459	4,089,627,222
Current maturity of long term financing	16	282,896,583	284,644,202
Taxation	20	157,000,000	174,000,000
		8,724,478,230	5,524,965,109
Total liabilities		9,585,962,144	6,230,415,472
TOTAL EQUITY AND LIABILITIES		14,368,840,516	10,696,088,150
Contingencies and commitments	21		

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

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	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	22	15,747,946,776	13,663,708,498
Cost of Sales	23	(14,742,034,093)	(12,566,324,425)
Gross Profit		1,005,912,683	1,097,384,073
Distribution Cost	24	(370,209,505)	(371,686,879)
Administrative Expenses	25	(286,607,021)	(251,464,007)
Other Income	26	560,701,813	325,061,526
Other Expenses	27	(123,602,733)	(270,096,329)
Profit from Operations		786,195,237	529,198,384
Finance Cost	28	(471,384,214)	(416,356,102)
		314,811,023	112,842,282
Share of Profit /(Loss) of Associates	6	152,341,837	(110,208,126)
Profit before Taxation		467,152,860	2,634,156
Taxation	20.1	(149,947,166)	(58,793,051)
Profit /(Loss) after Taxation		317,205,694	(56,158,895)
Other Comprehensive Income		0	0
Total Comprehensive Income		317,205,694	(56,158,895)
Earnings /(Loss) per Share	29	21.15	(3.74)

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

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	**(KH. MUHAMMAD IQBAL)**	**(KH. MUHAMMAD YOUNUS)**	**(MUHAMMAD AMIN PAL)**
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Cash flows from operating activities		
Profit for the year - before taxation and share of profit / (loss) of Associates	314,811,023	112,842,282
Adjustments for non-cash charges and other items:		
Depreciation	320,862,242	314,672,005
Loss on disposal of operating fixed assets - net	1,784,835	29,226
Fair value loss on re-measurement of short term investments	105,698,492	266,195,284
Gain on sale of short term investments	(165,675,663)	(76,989,319)
Duty drawback on export sales	(153,887,504)	0
Dividend on short term investments	(229,320,180)	(246,432,025)
Return on bank deposits	(6,842)	(8,940)
Finance cost	471,384,214	416,356,102
Profit before working capital changes	665,650,617	786,664,615
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(31,482,333)	13,657,272
Stock-in-trade	(793,348,583)	859,988,170
Trade debts	(893,455,869)	24,088,373
Loans and advances	(91,596,837)	(558,044,383)
Other receivables	10,739,036	(27,018,271)
Sales Tax refunds	(109,174,897)	60,646,602
Increase / (decrease) in trade and other payables	241,815,392	(117,361,504)
	(1,666,504,091)	255,956,259
Cash (used in) / generated from operations	(1,000,853,474)	1,042,620,874
Income tax paid	(161,577,624)	(126,642,740)
Loan to an executive - net	0	1,384,092
Net cash (used in)/ generated from operating activities	(1,162,431,098)	917,362,226
Cash flow from investing activities		
Purchase of property, plant and equipment	(604,621,965)	(200,973,051)
Sale proceeds of operating fixed assets	10,026,062	3,370,000
Short term investments - net	(1,035,263,720)	(30,764,973)
Long term investments made	(108,000,000)	0
Dividends received on long and short term investments	229,320,180	256,432,025
Return on bank deposits	6,842	8,940
Net cash (used in)/ generated from investing activities	(1,508,532,601)	28,072,941
Cash flow from financing activities		
Long term financing - net	154,285,933	(246,380,739)
Dividend paid	(13,142)	(149,708,203)
Short term borrowings - net	2,940,235,237	(115,425,376)
Finance cost paid	(435,160,961)	(424,080,776)
Net cash generated from /(used in) financing activities	2,659,347,067	(935,595,094)
Net (decrease) / increase in cash and cash equivalents	(11,616,632)	9,840,073
Cash and cash equivalents - at beginning of the year	24,977,265	15,137,192
Cash and cash equivalents - at end of the year	13,360,633	24,977,265

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

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Statement Of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Capital reserve	Unappropriated profit	Total
	----------------------	Rupees	----------------------	
Balance as at June 30, 2015	150,000,000	7,120,600	4,514,710,973	4,671,831,573
Transactions with owners:				
Final cash dividend for the year ended June 30, 2015 @ Rs.10 per share	0	0	(150,000,000)	(150,000,000)
Total comprehensive (loss) for the year ended June 30, 2016	0	0	(56,158,895)	(56,158,895)
Balance as at June 30, 2016	150,000,000	7,120,600	4,308,552,078	4,465,672,678
Total comprehensive income for the year ended June 30, 2017	0	0	317,205,694	317,205,694
Balance as at June 30, 2017	150,000,000	7,120,600	4,625,757,772	4,782,878,372

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

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND OPERATIONS

Mahmood Textile Mills Limited (the Company) was incorporated in Pakistan on February 25, 1970 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company is principally engaged in manufacture and sale of yarn, grey cloth and generation of electricity. The registered office of the Company is situated at Multan whereas the mills are located at District Muzaffargarh, Dera Ghazi Khan Division, Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Companies Act, 2017, during the year, has been promulgated; however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the 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 (the repealed Ordinance). Accordingly, 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions or directives of the repealed Ordinance shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

(a) **Property, plant and equipment**

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) **Stores & spares and stock-in-trade**

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

(c) Provision for impairment of trade debts
The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Income Taxes
In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant
Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on July 01, 2016 and are considered to be relevant to the Company's operations:

(a) IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in the financial statements by emphasizing the importance of comparability, understandability and clarity in presentation.

The amendments provide clarification on number of issues including:
- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Disaggregation and sub-totals – line items specified in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position or performance. There is also new guidance on the use of sub-totals.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The above amendments do not have any significant impact on the Company's financial statements.

(b) Amendments to IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’; it has been clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It has also been clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments do not have any significant impact on the Company's financial statements.

(c) Amendments to IAS 34 ‘Interim financial reporting’ clarify what is meant by the reference in the standard to information disclosed elsewhere in the interim financial report. Entities taking

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only affects disclosures in the Company's financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2016 and have not been early adopted by the Company:

(a) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(b) Amendments to IAS 7, 'Statement of cash flows' are applicable to annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only affect disclosures in the Company's financial statements.

(c) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

(d) Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax asset for unrealized losses are applicable on accounting periods beginning on or after January 01, 2017. These amendments on the recognition of deferred tax asset for unrealized losses clarify how to account for deferred tax asset related to debt instruments measured at fair value. These amendments do not have a material impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company's financial reporting and operations and therefore, have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment and depreciation

These are stated at cost less accumulated depreciation and impairment in value, if any, except freehold and leasehold land and capital work-in-progress, which are stated at cost.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

4.2 Long Term investments

(a) Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

(b) Other investments

Other investments where the Company does not have significant influence that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available-for-sale. These investments are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserve in the period in which these arise.

(c) Bonus shares are accounted for by increase in number of shares without any change in value.

4.3 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated up to the balance sheet date. The Company reviews the carrying amount of stores, spares and

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.4 Stock-in-trade

Basic of valuation are as follows:

Particulars	Mode of valuation
Raw materials:	
- At mills	- At lower of annual average cost of both local and imported stocks and net realisable value.
- In transit	- At cost accumulated up to the balance sheet date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.
- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.5 Trade debts and other receivables

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

4.6 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in profit and loss account.

4.7 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.

4.8 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.9 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its eligible employees. Provision is

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

made annually to cover obligation under the scheme. The payable balance of gratuity is paid fully to the employees before the year-end.

4.10 Trade and other payables

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

4.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.12 Taxation

(a) Current

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

4.13 Dividend and appropriation to reserves

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

4.14 Financial instruments

Financial instruments include long term investments, loan to an executive, long term deposits, trade debts, short term investments, loans & advances, other receivables, bank balances, long term financing, trade & other payables, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.15 Offsetting

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

4.16 Foreign currency translations

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

4.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Local sales through agents are booked on intimation from agents.
- Direct local sales are accounted for when goods are delivered to customers and invoices raised.
- Export sales are booked on despatch of goods.
- Dividend income is recognised when the right to receive dividend is established.
- Interest / mark-up is accounted for on accrual basis.

4.18 Impairment of non-financial assets

Non-financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.19 Segment reporting

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

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Finance cost, other income and expenses and taxation are managed at the Company level. Unallocated assets mainly include long term investments, long term deposits, tax refunds due from the Government and cash & bank balances.

5. PROPERTY, PLANT AND EQUIPMENT	Note	2017 Rupees	2016 Rupees
Operating fixed assets	5.1	3,144,862,572	2,891,986,823
Capital work-in-progress			
- buildings		20,864,696	0
- plant and machinery		31,042,157	32,833,776
		51,906,853	32,833,776
		3,196,769,425	2,924,820,599

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

5.1 Operating fixed assets - tangible

Particulars	Leasehold land	Owned														Total
		Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Stand-by equipment	Furniture and fittings	Vehicles	Office equipment	Protective dam	Electric installations	Gas installatio-ns	Tools and equipment	Computer and accessories	Weighing bridge	
	Rupees															
COST																
Balance as at June 30, 2015	20,755,743	14,487,499	586,673,135	24,714,302	4,252,809,170	614,476,478	11,825,756	147,625,588	3,401,248	6,507,313	249,250,666	4,322,517	8,116,995	30,116,262	5,444,129	5,980,526,801
Additions during the year	0	0	4,994,557	0	116,964,327	41,139,825	105,000	15,517,789	0	4,208,465	7,185,772	0	2,011,112	928,952	0	193,055,799
Disposals during the year	0	0	0	0	(2,111,085)	0	0	(6,662,127)	0	0	0	0	0	0	0	(8,773,212)
Balance as at June 30, 2016	20,755,743	14,487,499	591,667,692	24,714,302	4,367,662,412	655,616,303	11,930,756	156,481,250	3,401,248	10,715,778	256,436,438	4,322,517	10,128,107	31,045,214	5,444,129	6,164,809,388
Balance as at June 30, 2016	20,755,743	14,487,499	591,667,692	24,714,302	4,367,662,412	655,616,303	11,930,756	156,481,250	3,401,248	10,715,778	256,436,438	4,322,517	10,128,107	31,045,214	5,444,129	6,164,809,388
Additions during the year	0	0	27,473,343	1,721,368	500,365,880	0	0	49,068,049	0	0	6,303,215	0	294,612	322,421	0	585,548,888
Disposals during the year	0	0	0	0	(49,926,010)	0	0	(11,974,036)	0	0	0	0	0	0	0	(61,900,046)
Balance as at June 30, 2017	20,755,743	14,487,499	619,141,035	26,435,670	4,818,102,282	655,616,303	11,930,756	193,575,263	3,401,248	10,715,778	262,739,653	4,322,517	10,422,719	31,367,635	5,444,129	6,688,458,230
DEPRECIATION																
Balance as at June 30, 2015	0	0	338,485,829	15,429,483	2,017,793,236	369,848,969	6,480,858	71,082,764	2,779,536	3,036,974	104,130,277	1,729,593	5,969,630	23,774,796	2,982,601	2,963,524,546
Charge for the year	0	0	24,997,501	928,482	228,423,045	25,549,044	540,615	16,283,403	62,171	278,729	14,834,857	259,292	264,555	2,004,158	246,153	314,672,005
Charge on disposals	0	0	0	0	(1,906,320)	0	0	(3,467,666)	0	0	0	0	0	0	0	(5,373,986)
Balance as at June 30, 2016	0	0	363,483,330	16,357,965	2,244,309,961	395,398,013	7,021,473	83,898,501	2,841,707	3,315,703	118,965,134	1,988,885	6,234,185	25,778,954	3,228,754	3,272,822,565
Balance as at June 30, 2016	0	0	363,483,330	16,357,965	2,244,309,961	395,398,013	7,021,473	83,898,501	2,841,707	3,315,703	118,965,134	1,988,885	6,234,185	25,778,954	3,228,754	3,272,822,565
Charge for the year	0	0	24,328,131	950,392	234,471,643	26,021,829	490,928	17,850,483	55,954	370,004	13,856,610	233,363	406,578	1,604,789	221,538	320,862,242
Charge on disposals	0	0	0	0	(44,224,258)	0	0	(5,864,891)	0	0	0	0	0	0	0	(50,089,149)
Balance as at June 30, 2017	0	0	387,811,461	17,308,357	2,434,557,346	421,419,842	7,512,401	95,884,093	2,897,661	3,685,707	132,821,744	2,222,248	6,640,763	27,383,743	3,450,292	3,543,595,658
BOOK VALUE AS AT JUNE 30, 2016	20,755,743	14,487,499	228,184,362	8,356,337	2,123,352,451	260,218,290	4,909,283	72,582,749	559,541	7,400,075	137,471,304	2,333,632	3,893,922	5,266,260	2,215,375	2,891,986,823
BOOK VALUE AS AT JUNE 30, 2017	20,755,743	14,487,499	231,329,574	9,127,313	2,383,544,936	234,196,461	4,418,355	97,691,170	503,587	7,030,071	129,917,909	2,100,269	3,781,956	3,983,892	1,993,837	3,144,862,572
Annual depreciation rate (%)	0	0	10	10	10	10	10	20	10	5	10	10	10	30	10	

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

5.2 Leasehold land and buildings on leasehold land represent the leased assets allotted by the Board of Management, Industrial Estate, Multan for a period of 99 years.

5.3 Disposal of operating fixed assets

Particulars of assets	Cost	Accumulated depreciation	Book Value	Sale proceeds / Insurance Claim	Gain / (loss)	Sold through negotiation to / insurance claim received from
	------ Rupees ------					
Plant and machinery						
Cards	19,936,728	18,904,145	1,032,583	504,202	(528,381)	Shoib Salman Textile Mills Ltd. Sahiwal
6 Comber	5,702,456	4,623,854	1,078,602	907,563	(171,039)	Malik Hafeez, Faisalabad.
Blow room Machinery	9,829,672	9,335,361	494,311	483,193	(11,118)	------------ do ------------
Comber and Simplex	7,271,069	6,906,206	364,863	281,513	(83,350)	------------ do ------------
Scutcher	1,200,000	599,472	600,528	98,494	(502,034)	------------ do ------------
One Comber	2,111,085	1,931,604	179,481	117,647	(61,834)	------------ do ------------
Simplex	1,000,000	512,846	487,154	336,134	(151,020)	------------ do ------------
4 Comber	2,875,000	1,410,770	1,464,230	769,231	(694,999)	Colony Textile Mills Ltd. Multan
	49,926,010	44,224,258	5,701,752	3,497,977	(2,203,775)	
Vehicles						
Vehicles having book value exceeding Rs. 50,000						
Toyota Viggo	5,626,723	2,191,076	3,435,647	3,350,000	(85,647)	Premier Insurance Company Ltd Multan.
Honda City	1,024,888	895,965	128,923	505,000	376,077	Mr. Javed Iqbal S/O Abdul Aziz, Multan.
Honda Civic	2,466,535	1,326,009	1,140,526	1,266,535	126,009	Mr.Gohar Zaman S/O M.Usman, DG Khan
Toyota Camery	2,602,000	1,209,303	1,392,697	1,400,000	7,303	Shakeel Iqbal, LMQ Road, Multan.
Aggregate value of vehicles having individual book value less than Rs.50,000	253,890	242,538	11,352	6,550	(4,802)	Employees & Others
	11,974,036	5,864,891	6,109,145	6,528,085	418,940	
	61,900,046	50,089,149	11,810,897	10,026,062	(1,784,835)	
2016	8,773,212	5,373,986	3,399,226	3,370,000	(29,226)	

	Note	2017 Rupees	2016 Rupees
5.4 Depreciation for the year has been apportioned as under:			
Cost of sales	23	300,860,088	295,781,659
Administrative expenses	25	20,002,154	18,890,346
		320,862,242	314,672,005

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

6. LONG TERM INVESTMENTS	Note	2017 Rupees	2016 Rupees
Associated Companies - Un-quoted			
Masood Spinning Mills Limited (MSML)			
4,000,000 (2016: 4,000,000) ordinary shares of Rs.10 each - **cost**		40,000,000	40,000,000
Equity held: **13.32%** (2016: 13.33%)	6.1		
Post acquisition profit brought forward		210,675,420	285,819,777
		250,675,420	325,819,777
Share of profit / (loss) for the year		7,235,549	(65,144,357)
Adjustment for last year profits based on audited financial statements	6.2	28,885,198	0
Dividend received		0	(10,000,000)
	6.3	286,796,167	250,675,420
Roomi Fabrics Limited (RFL)			
4,000,000 (2016:4,000,000) ordinary shares of Rs.10 each - **cost**		40,000,000	40,000,000
Equity held: 18.18% (2016: 18.18%)			
Post acquisition profit brought forward		507,665,878	552,729,647
		547,665,878	592,729,647
Share of profit / (loss) for the year		122,766,604	(26,864,290)
Adjustment for last year profits based on audited financial statements		(6,545,514)	(18,199,479)
	6.4	663,886,968	547,665,878
Others - Un-quoted			
Orient Power Company (Pvt.) Limited (OPCL)			
45,842,500 (2016: 39,842,500) ordinary shares of Rs. 10 each - **cost**			
Equity held: 11.01% (2016: 9.56%)	6.5	542,925,000	434,925,000
		1,493,608,135	1,233,266,298

6.1 Equity held percentage as at June 30, 2017 has been changed due to issue of 29,475 shares of Rs.10 each to minority interest by MSML.

6.2 This adjustment has arisen as a result of restatement of financial statements of MSML.

6.3 MSML was incorporated in Pakistan on July 20, 2000 as a public limited company . It is principally engaged in manufacture and sale of cotton yarn.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

The summary of financial information of MSML based on its financial statements for the year ended June 30, 2017 is as follows:

	Note	2017 Rupees	2016 Rupees
Summarised Balance Sheet			
Non-current assets		3,154,892,850	2,850,802,256
Current assets		7,160,608,757	6,181,741,441
		10,315,501,607	9,032,543,697
Non-current liabilities		1,126,167,964	938,801,703
Deferred taxation		10,638,558	10,638,558
Current liabilities		7,026,813,580	5,985,542,869
		8,163,620,102	6,934,983,130
Net assets		2,151,881,505	2,097,560,567
Reconciliation to carrying amount			
Opening net assets		2,097,560,567	2,680,596,541
Profit / (loss) for the year		54,320,938	(508,035,974)
Dividend paid during the year		-	(75,000,000)
Closing net assets		2,151,881,505	2,097,560,567
Company's share percentage **13.32%** (2016: 13.33%)			
Company's share		286,630,616	279,604,824
Miscellaneous adjustments		165,551	(44,206)
Adjustment based on last year audited financial statements		-	(28,885,198)
Carrying amount of investment		286,796,167	250,675,420
Summarised Profit and Loss Account			
Sales		9,259,790,888	8,183,775,968
Profit / (loss) before taxation		148,638,016	(428,241,480)
Profit / (loss) after taxation		54,320,938	(508,035,973)

6.4 RFL was incorporated in Pakistan on May 20, 2002 as a public company limited by shares. It is principally engaged in manufacture and sale of yarn and grey cloth.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

The summary of financial information of RFL based on its financial statements for the year ended June 30, 2017 is as follows:

Summarised Balance Sheet	Note	2017 Rupees	2016 Rupees
Non-current assets		3,126,970,998	3,023,893,567
Current assets		6,840,883,964	6,300,947,533
		9,967,854,962	9,324,841,100
Non-current liabilities		721,338,966	939,863,943
Current liabilities		5,594,772,500	5,408,517,509
		6,316,111,466	6,348,381,452
Net assets		3,651,743,496	2,976,459,648
Reconciliation to carrying amount			
Opening net assets		2,976,459,648	3,160,231,947
Profit / (loss) for the year		675,283,848	(183,772,299)
Closing net assets		3,651,743,496	2,976,459,648
Company's share percentage **18.18%** (2016: 18.18%)			
Company's share		663,886,968	541,120,364
Adjustment for last year profit based on audited financial statements		0	6,545,514
Carrying amount of investment		663,886,968	547,665,878
Summarised Profit and Loss Account			
Sales		7,189,163,804	6,916,135,751
Profit / (loss) before taxation		931,283,848	(53,164,863)
Profit / (loss) after taxation		675,283,848	(183,772,299)

6.5 (a) The Company, on June 22, 2010, had entered into a shares subscription agreement with OPCL, which is engaged in generation of 225 MW electric power. The project is located near Balloki, District Kasur, Punjab. As per the agreement terms, the Company had agreed to purchase 27,500,000 shares of OPCL at a price of Rs.11 per share.

(b) The Company, during the financial year ended June 30, 2011, had acquired 36,500,000 shares at a price of Rs.11 per share as per the shares subscription agreement entered into with OPCL and 3,342,500 right shares at a price of Rs.10 per share.

(c) The Company, during the current year, has acquired further 6,000,000 shares of OPCL at a price of Rs.18 per shares from the chief executive of OPCL.

7. STORES, SPARES AND LOOSE TOOLS

	2017	2016
Stores including in-transit inventory valuing Rs.37.7 million (2016: Rs. Nil)	196,008,835	165,346,037
Spares	8,255,079	7,509,478
Loose tools	399,148	325,214
	204,663,062	173,180,729

7.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

8. STOCK-IN-TRADE	Note	2017 Rupees	2016 Rupees
Raw materials including in-transit inventory valuing Rs. 516.144 million (2016: Rs.458.335 million)		2,691,891,667	1,894,666,795
Work-in-process		99,058,146	82,575,952
Finished goods	8.1	545,355,306	565,713,789
		3,336,305,119	2,542,956,536

8.1 No finished goods inventory as at June 30, 2017 was stated at net realisable value (2016: Rs.14.590 million, which has been stated at net realisable value; the amount charged to profit and loss account in respect of inventory write down to net realisable value worked-out to Rs.7.781 million approximately).

9. TRADE DEBTS		2017 Rupees	2016 Rupees
Unsecured - considered good			
- local		452,154,757	370,285,685
Secured			
- local		71,494,399	42,572,588
- export		1,688,722,113	906,057,127
		1,760,216,512	948,629,715
		2,212,371,269	1,318,915,400

10. LOANS AND ADVANCES	Note	2017 Rupees	2016 Rupees
Advances to:			
- executives		2,582,795	1,009,857
- employees		7,895,093	13,149,586
- suppliers and contractors		206,162,720	101,105,489
Advances for investment	10.1	490,000,000	490,000,000
Current portion of loan to an executive		0	978,831
Deposit with Sui Northern Gas Pipelines Ltd.	21.2	16,508,070	16,508,070
Letters of credit		1,391,306	10,191,314
		724,539,984	632,943,147

10.1 The Company, during the preceding year, had entered into an agreement with PNO Waste Management (Pvt.) Ltd., Karachi and Al-Arz (Pvt.) Ltd. (a wholly owned subsidiary of PNO). Al-Arz has entered into an agreement with Siemens (Pakistan) Engineering Co. Ltd. for acquisition of real estate and in this regard, it requires finances. The Company has made available the investment amounts for the said purpose, which are convertible into equity of Al-Arz at the option of the Company.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

11. OTHER RECEIVABLES	Note	2017 Rupees	2016 Rupees
Cotton claims receivable		10,615,290	829,151
Receivable against sale of shares	11.1	38,398,889	38,398,889
Insurance claims receivable		24,616,020	40,867,491
Containers' deposits		632,534	0
Duty drawback receivable on export sales		148,223,492	0
Others		1,819,826	1,062,052
		224,306,051	81,157,583

11.1 (a) This represents amount receivable from Three Star Hosiery Mills (Pvt.) Limited [TSHM] against sale of 4,284,457 shares of Dandot Cement Company Limited (DCCL) sold at the rate of Rs.19.50 per share vide agreement dated September 11, 2008. These shares were sold against post dated cheques of Rs.83.546 million, which could not be enchased on their due dates.

(b) Initially, the Company had transferred one million shares to a director of TSHM on May 29, 2008 whereas another transfer of one million shares to the same director of TSHM was made on June 02, 2008. Against both the transfers, the Company had received two post dated cheques, which were due on August 18, 2008 and September 16, 2008 respectively. Later on, at the request of TSHM, the Company had entered into an agreement for sale of all the shares of DCCL including the balance left with it and its Associated Companies. The Company had handed-over to TSHM CDC transfer orders and against them TSHM issued post dated cheques; the aforementioned two cheques were also included in that agreement with new payment dates.

(c) TSHM had also failed to make payment of mark-up on delayed payments as per terms of the agreement i.e. TSHM was liable to pay mark-up at the rate of 3-months KIBOR plus 2% per annum for the delayed period.

(d) The Company, through its legal counsel, had issued legal notices to TSHM for recovery of outstanding amounts and mark-up thereon on March 31, 2009 and May 20, 2009; TSHM failed to make payments even in response to the legal notices issued by the Company. Consequently, the Company had filed a suit in the Court of District Judge, Multan for recovery of the outstanding amounts along with mark-up at the rate of 3-months KIBOR + 2% per annum to be calculated on daily product basis from date of the cheques till the final realisation of the amount due. Mark-up on the balance receivable from TSHM amounting Rs.76.580 million (2016: Rs.69.776 million) approximately has not been accrued in these financial statements as the ultimate outcome of the matter depends upon judgment of the Court. The suit has been decreed along with costs vide order dated May 02, 2015 by the Additional District Judge, Multan.

(e) The management, during the year ended June 30, 2015, had transferred the remaining 678,000 shares having carrying value of Rs.13.221 million to short term investments as it had no intention to sell these shares to TSHM. These shares were part of the total holding of 4,284,457 shares sold to TSHM; however, TSHM had not accepted ownership of these shares and these shares were in the CDC account of the Company. Receivable from TSHM was reduced with Rs.13.221 million. Further, the Company during September, 2014 had received an amount of Rs. 601,111 from TSHM.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
12. SHORT TERM INVESTMENTS - Quoted (at fair value through profit or loss)			
IGI Investment Bank Limited Nil shares (2016: 6,631,000) shares of Rs. 10 each		0	10,204,495
Soneri Bank Limited **(SBL)** 42,427,344 (2016: 25,584,000) shares of Rs. 10 each		614,035,634	341,601,421
Faysal Bank Limited Nil shares (2016: 12,615,650) shares of Rs. 10 each		0	175,234,373
Lalpir Power Limited (LPL) 36,897,000 (2016: 21,649,500) shares of Rs.10 each		816,752,878	568,344,708
Dandot Cement Company Limited Nil shares (2016: 731,500) shares of Rs.10 each		0	8,521,975
Arif Habib Corporation Limited **(AHC)** 12,709,500 (2016: 12,709,500) shares of Rs.10 each		501,389,775	677,348,013
Jahangir Siddiqui & Company Limited **(JSC)** 1,315,500 shares of Rs.10 each		336,746,981	0
Bank Alfalah Limited **(BAF)** 10,097,500 shares of Rs.10 each		447,073,816	0
		2,715,999,084	1,781,254,985
Adjustment on re-measurement to fair value	27	(105,698,492)	(266,195,284)
		2,610,300,592	1,515,059,701

12.1 34 million (2016: 20 million) shares of SBL, 28.500 million (2016: 17.500 million) shares of LPL, 12.700 million (2016: 12.700 million) shares of AHC and 3.500 million (2016: nil) shares of BAL are pledged with commercial banks as security for short term finance facilities utilized.

	Note	2017 Rupees	2016 Rupees
13. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refundable, advance tax and tax deducted at source		148,392,842	153,762,385
Sales tax refundable		195,490,883	86,315,986
		343,883,725	240,078,371
14. CASH AND BANK BALANCES			
Cash-in-hand		2,708,545	8,032,706
Cash-in-transit		4,450,030	7,540,378
Cash at banks on:			
- current accounts		6,155,927	9,350,000
- saving accounts	14.1	46,131	54,181
		6,202,058	9,404,181
		13,360,633	24,977,265

14.1 These carry profit at the rates ranging from 2.5% to 3% (2016: 3% to 4%) per annum.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
(No. of shares)			Rupees	Rupees
6,288,800	6,288,800	Ordinary shares of Rs. 10 each fully paid in cash	62,888,000	62,888,000
11,000	11,000	Ordinary shares of Rs. 10 each issued as fully paid against shares of Mahmood Power Generation Ltd. upon merger	110,000	110,000
8,700,200	8,700,200	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	87,002,000	87,002,000
15,000,000	15,000,000		150,000,000	150,000,000

15.1 Ordinary shares held by the related parties at the reporting date are as follows:	2017	2016
	-- Number of shares --	
Masood Spinning Mills Limted	442,140	439,340
Roomi Fabrics Limited	440,054	438,854
	882,194	878,194

15.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Company's residual assets.

15.3 The Company has one class of ordinary shares, which carry no right to fixed income.

15.4 The Company has no reserved shares for issuance under options and sale contracts.

16. LONG TERM FINANCING - Secured

	Note	2017 Rupees	2016 Rupees
From banking companies			
Habib Bank Limited (HBL)	16.1	112,326,234	173,413,469
MCB Bank Limited (MCB)	16.2	526,430,134	262,500,000
Meezan Bank Limited (MBL)	16.3	299,208,453	368,265,304
United Bank Limited (UBL)	16.4	206,415,677	185,915,792
Balance as at June 30,		1,144,380,498	990,094,565
Less: current portion grouped under current liabilities:			
- HBL		53,005,302	61,087,245
- MCB		75,000,000	75,000,000
- MBL		70,058,852	69,056,852
- UBL		84,832,429	79,500,105
		282,896,583	284,644,202
		861,483,915	705,450,363

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

		No. of instalments and repayment commencement date	Rate of mark-up per annum	2017 Rupees	2016 Rupees
16.1	HBL				
	Demand Finance - II	24 quarterly April, 2012	2% over 3 months KIBOR	1,104,894	2,578,086
	Demand Finance - III	24 quarterly April, 2012	-do-	2,204,195	5,143,121
	Demand Finance - IV	24 quarterly May, 2012	-do-	10,849,575	25,315,675
	Demand Finance - V	24 quarterly June, 2012	-do-	7,462,350	17,412,150
	Demand Finance - VI	24 quarterly October, 2012	-do-	9,793,952	17,629,120
	Demand Finance - VII	24 quarterly May, 2013	1.75% over 3 months KIBOR	3,021,984	4,748,832
	Demand Finance - VIII	24 quarterly August, 2014	1% over 3 months KIBOR	8,876,850	11,835,800
	Demand Finance - IX	24 equal quarterly February, 2017	1% over 3 months KIBOR	9,190,408	10,025,900
	Term Loan-I	12 half-yearly May, 2011	1% to 2% over 6 months KIBOR	0	7,295,566
	Finance Against Fixed Assets - I	12 half-yearly February, 2011	2% over 6 months KIBOR	0	535,311
	Export Oriented Projects - Finance No. 1	12 half-yearly February, 2011	10.25% flat	0	535,311
	- Finance No. 4	24 equal quarterly April, 2012	11.20% flat	1,104,894	2,578,086
	- Finance No. 5	24 equal quarterly October, 2012	12.70% flat	7,710,625	13,879,125
	- Finance No. 6	24 equal quarterly May, 2013	12.70% flat	3,021,984	4,748,832
	- Finance No. 7	24 equal quarterly March, 2017	5% flat	8,468,036	9,237,854
	- Finance No. 8	24 equal quarterly April, 2017	5% flat	9,158,887	9,557,100
	- Finance No. 9	24 equal quarterly September, 2017	3% flat	30,357,600	30,357,600
				112,326,234	173,413,469

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

16.2	MCB	No. of instalments and repayment commencement date	Rate of mark-up per annum	2017 Rupees	2016 Rupees
	Demand Finance - I	12 half-yearly April, 2014	1.25% over 6 months KIBOR	187,500,000	262,500,000
	Demand Finance-II	16 half-yearly July, 2019	1.00 % over 6 months KIBOR	57,499,686	0
	State Bank of Pakistan Export Oriented Projects Finance No.1	16 half-yearly April, 2019	0.75 % p.a. over the rate as worked-out by SBP	281,430,448	0
				526,430,134	262,500,000
16.3	**MBL**				
	Diminishing Musharakah - I	10 half-yearly May, 2015	1% over 6 months KIBOR	24,272,816	33,981,944
	Diminishing Musharakah - II	12 half-yearly June, 2015	-do-	15,197,069	19,539,089
	Diminishing Musharakah - III	12 half-yearly July, 2015	-do-	27,463,628	34,329,534
	Diminishing Musharakah - IV	12 half-yearly August, 2015	-do-	14,618,762	18,273,452
	Diminishing Musharakah - V	12 half-yearly August, 2015	-do-	3,677,360	4,596,700
	Diminishing Musharakah - VI	12 half-yearly September, 2015	-do-	18,550,258	23,187,822
	Diminishing Musharakah - VII	12 half-yearly October, 2015	-do-	20,897,814	26,122,268
	Diminishing Musharakah - VIII	12 half-yearly July, 2016	-do-	12,111,600	14,533,920
	Diminishing Musharakah - IX	12 half-yearly July, 2016	-do-	59,585,500	71,502,600
	Diminishing Musharakah - X	12 half-yearly August, 2016	-do-	39,032,000	46,838,400
	Diminishing Musharakah - XI	12 half-yearly October, 2016	-do-	15,819,408	18,983,290
	Diminishing Musharakah - XII	12 half-yearly November, 2016	-do-	28,595,289	34,314,346
	Diminishing Musharakah - XIII	12 half-yearly December, 2016	-do-	8,364,949	10,037,939
	Diminishing Musharakah - XIV	12 half-yearly January, 2017	-do-	11,022,000	12,024,000
				299,208,453	368,265,304

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

16.4	UBL	No. of instalments and repayment commencement date	Rate of mark-up per annum	2017 Rupees	2016 Rupees
	Demand Finance-NIDF-VI	10 Half-yearly November, 2012	1.75% over 6 months KIBOR	0	13,417,669
	Demand Finance-NIDF-VIII	10 half-yearly July, 2013	-do-	9,753,380	19,506,766
	Demand Finance-NIDF-X	10 Half-yearly August, 2012	2% over 6 months KIBOR	9,951,058	19,902,112
	Demand Finance-NIDF-XI	10 Half-yearly April, 2014	-do-	48,069,364	80,115,620
	State Bank of Pakistan - Export Oriented Projects				
	- Finance No. 15	16 Half-yearly May, 2012	As stipulated by SBP	21,766,875	30,473,625
	- Finance No. 16	16 Half-yearly July, 2012	-do-	16,875,000	22,500,000
	- Finance No. 17	16 Half yearly November, 2017	0.75% over 3 months KIBOR	100,000,000	0
				206,415,677	185,915,792

16.5 The finance facilities, except for demand finance VIII, available from HBL are secured against first pari passu charge on entire fixed assets on land consisting total area of 219 kanals and 6 marlas situated at District Muzaffargarh and exclusive charge on plant and machinery imported through HBL.

Demand finance VIII is secured against first pari passu charge of Rs. 560 million on fixed assets of Unit located at Multan Road, Muzaffargarh.

16.6 The demand finance facility available from MCB is secured against first exclusive charge of Rs.450 million over specific plant and machinery imported through MCB.

Demand Finance II and Finance No.1, obtained during the current year, are secured against first registered exclusive hypothecation charge of Rs.534 million over specific plant and machinery imported through MCB and installed at the Company's premises.

16.7 Musharakah finance facilities available from MBL are secured against exclusive registered charge over underlying plant & machinery and ranking charge over fixed assets of the Company.

16.8 The finance facilities available from UBL are secured against first charge over all present and future fixed assets including land and buildings of Units 4 and 5 of the Company to the tune of Rs.1,155 million.

16.9 The effective mark-up rates that prevailed during the year on these finance facilities ranged from 2.75% to 11.20% (2016: 5% to 11.36%) per annum..

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

17. TRADE AND OTHER PAYABLES	Note	2017 Rupees	2016 Rupees
Creditors		112,984,957	89,108,694
Bills payable - secured	17.1	293,146,915	192,804,289
Due to an associated undertaking	17.2	30,088,913	121,640,646
Accrued expenses		589,376,701	419,015,643
Advances from customers		40,045,172	21,408,589
Tax deducted at source		9,543,787	3,613,679
Workers' (profit) participation fund - allocation for the year		13,412,308	0
Workers' welfare fund		39,155,252	39,155,252
Unclaimed dividends		1,771,497	1,784,639
Others		8,232,328	7,424,150
		1,137,757,830	895,955,581

17.1 These are secured against the securities as detailed in note 19.2.

17.2 This represents amounts payable to M/s Khawaja Muzaffar Mahmood Muhammad Masood on account of normal trading transactions.

18. ACCRUED MARK-UP		
Mark-up accrued on:		
- long term financing	15,036,566	20,009,507
- short term borrowings	101,924,791	60,728,597
	116,961,357	80,738,104

19. SHORT TERM BORROWINGS - Secured			
- Short term borrowings - secured	19.1	1,856,881,680	1,278,311,058
- Short term running finances - secured	19.1	5,104,551,275	2,811,316,164
		6,961,432,955	4,089,627,222
Temporary bank overdraft - unsecured		68,429,504	0
		7,029,862,459	4,089,627,222

19.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.12,050 million (2016: Rs.15,088 million) including facilities aggregating Rs.950 million (2016: Rs.1,838 million) available on Group basis. These finance facilities, during the year, carried mark-up at the rates ranging from 6.79% to 7.28% (2016: 6.65% to 8.01%) per annum. The aggregate finance facilities are secured against charge over the Company's current assets, pledge of quoted shares, lien over export bills and banks' lien over letters of credit. These facilities are expiring on various dates by June 30, 2018.

19.2 Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.6,693 million (2016: Rs.4,050 million) including facilities aggregating Rs.1,100 million (2016: Rs.475 million) available on Group basis. Out of the available facilities, facilities aggregating Rs.4,957 million (2016: Rs.2,041 million) remained unutilized at the year-end. These facilities are secured against lien over import documents and charge over current assets of the Company. These facilities are expiring on various dates by April 30, 2018.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

20. TAXATION - Net	Note	2017 Rupees	2016 Rupees
Opening balance		174,000,000	160,500,000
Add: provision made during the year:			
- current [net of tax credit under section 65B of the Ordinance amounting Rs.50.037 million (2016: Rs.15.810 million)]	20.3	157,000,000	174,000,000
- prior years - net		(7,052,834)	36,925
		149,947,166	174,036,925
		323,947,166	334,536,925
Less: payments / adjustments made during the year against completed assessments		166,947,166	160,536,925
Closing balance		157,000,000	174,000,000
20.1 Tax expense for the year - net			
current - provision made		149,947,166	174,036,925
deferred - reversal made	20.4	0	(115,243,874)
		149,947,166	58,793,051

20.2 Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the financial year ended June 30, 2016 (tax year 2016).

20.3 No numeric tax rate reconciliation is presented in these financial statements as the Company is only liable to pay tax due under sections 5 (Tax on dividends), 37 A (Tax on capital gain on disposal of securities), 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance.

20.4 Deferred tax balance of Rs. 115.243 million related to prior years when the Company was taxed under normal tax regime. The Company, effective from the financial year ended June 30, 2012, is continuously being taxed under presumptive tax regime (PTR). The management anticipates that income of the foreseeable future will also be taxed under PTR; therefore, deferred tax liability existing in the books of account was reversed as at June 30, 2016.

21. CONTINGENCIES AND COMMITMENTS

21.1 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.403.683 million as at June 30, 2017 (2016: Rs.337.820 million).

21.2 Sui Northern Gas Pipelines Limited (SNGPL) had raised arrears demand aggregating Rs.39.462 million from the Company against the charge that sui gas meter of the Company was not working properly. The Company challenged the said demand by filing a petition before the General Manager SNGPL, Lahore (the GM). The Company, as per direction of the GM, deposited Rs.16.508 million representing 42% of the demand under protest and grouped it under loans and advances (note 10). The GM formed a Committee to probe into the matter. If the case is decided in the Company's favour, the Company will receive back 42% of the demand paid under protest; otherwise the Company will have to deposit the remaining demand of Rs.22.954 million.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

21.3 The Company has filed a petition before the Civil Court, Multan against SNGPL, which has alleged that the Company's gas meter was not functioning properly during the period from May, 2012 to September, 2013. SNGPL has raised demand amounting Rs.1.101 million. The Company's petition is pending adjudication.

21.4 The Company had challenged the imposition of infrastructure cess by the Directorate of Excise & Taxation, Karachi (the Directorate) at the rate of 0.85% of the value of imported goods by filing a suit before the High Court of Sindh at Karachi (the Court). The Court had directed the Company to furnish a bank guarantee covering the disputed amount of cess. The Company, during the period from December 28, 2006 to May 30, 2011, had utilized bank guarantees to the tune of Rs.32.489 million. The Directorate, vide its letter dated July 13, 2011, had requested the Company to furnish a bank guarantee of 50% of the aforementioned amount along with a demand draft for the balance 50% of the aforementioned amount in order to return of the previous bank guarantees.

The Company had submitted a bank draft amounting Rs.16.245 million to the Directorate during September, 2011, which was grouped under loans and advances. Habib Bank Limited, on behalf of the Company in consideration of allowing the release of consignments imported from time to time for the purpose of carriage of goods by road within the province of Sindh, has undertaken and guaranteed to pay an amount of Rs.16.245 million to the Directorate in case if the Court decides that the cess imposed under the Sindh Finance Act, 1994 is lawful and validly imposed. The bank guarantee is valid upto August 15, 2017. The management, during year ended June 30, 2013, had expensed the advance of Rs.16.245 million.

21.5 Foreign bills discounted outstanding as at June 30, 2017 aggregated Rs.966.383 million (2016: Rs.612.069 million).

21.6 No local bills have been discounted as at June 30, 2017; (local bills discounted outstanding as at June 30, 2016 aggregated Rs.103.758 million).

	2017	2016
21.7 Commitments for irrevocable letters of credit:	(Rupees in million)	
- capital expenditure	908.102	374.082
- others	131.033	348.317
	1,039.135	722.399

22. SALES - Net	Note	2017 Rupees	2016 Rupees
LOCAL			
- yarn		2,078,330,471	1,749,519,644
- cloth		71,427,921	56,383,275
- waste		423,927,918	308,518,968
- doubling / sizing income		13,223,697	28,969,770
- cotton		82,351,795	139,286,621
	22.1	2,669,261,802	2,282,678,278
EXPORT			
- yarn		10,354,274,244	8,873,907,513
- cloth		2,636,570,782	2,456,176,014
- waste		87,839,948	50,946,693
	22.2	13,078,684,974	11,381,030,220
		15,747,946,776	13,663,708,498

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

22.1 (a) Local sales have been shown after deduction of sales tax aggregating Rs.0.760 million (2016: Rs.155.956 million).

(b) As per S.R.O. Notification 491(I) / 2016 dated June 30, 2016, sales made by the Company are being charged sales tax at zero percent with effect from July 01, 2016.

22.2 Gain aggregating Rs.93.460 million - net (2016: loss aggregating Rs.3.387 million - net) arisen upon realization of foreign currency export debtors has been grouped under export sales.

23. COST OF SALES	Note	2017 Rupees	2016 Rupees
Raw materials consumed	23.1	11,625,906,840	9,642,554,087
Stores and spares		312,819,058	254,760,805
Packing materials consumed		193,749,160	188,159,235
Salaries, wages and benefits	23.3	968,982,641	813,753,850
Power and fuel		1,227,634,182	1,080,837,794
Repair and maintenance		19,927,441	20,704,631
Depreciation	5.4	300,860,088	295,781,659
Insurance		74,298,903	68,821,883
Doubling charges		13,979,491	5,684,245
		14,738,157,804	12,371,058,189
Adjustment of work-in-process			
Opening		82,575,952	98,012,966
Closing	8	(99,058,146)	(82,575,952)
		(16,482,194)	15,437,014
Cost of goods manufactured		14,721,675,610	12,386,495,203
Adjustment of finished goods			
Opening stock		565,713,789	745,543,011
Closing stock	8	(545,355,306)	(565,713,789)
		20,358,483	179,829,222
		14,742,034,093	12,566,324,425

23.1 Raw materials consumed	Note	2017	2016
Opening stock		1,894,666,795	2,559,388,729
Purchases and purchase expenses		10,261,850,647	6,909,266,968
Transfer from Ginning Section - net	23.4	2,148,778,148	2,053,690,671
		12,410,628,795	8,962,957,639
		14,305,295,590	11,522,346,368
Less: closing stock	8	(2,691,891,667)	(1,894,666,795)
		11,613,403,923	9,627,679,573
Cotton cess		12,502,917	14,874,514
		11,625,906,840	9,642,554,087

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

23.2 Insurance claims aggregating Rs.20.822 million (2016: Rs.30.200 million), against loss of raw materials due to fire and quality claims lodged with suppliers, have been adjusted against raw materials consumption for the year.

23.3 Expense for the year includes staff retirement benefits - gratuity amounting Rs.39.886 million (2016: Rs.40.593 million).

23.4 Production Cost of Ginning Section - Net	2017 Rupees	2016 Rupees
Raw materials consumed including local taxes aggregating Rs. 4,195,942 (2016: Rs.4,399,187)	2,603,236,004	2,556,176,860
Lease charges	1,900,000	1,800,000
Salaries, wages and benefits	50,614,295	50,855,074
Travelling and conveyance	849,086	909,892
Repair and maintenance	13,323,442	10,724,076
Stores consumption	8,015,454	9,121,796
Utilities	25,001,872	32,542,507
Entertainment	1,158,374	1,277,842
Stationery	205,760	243,367
Communication	224,319	225,557
Insurance	6,465,500	4,299,351
Bank charges	6,368,738	6,346,558
Others	2,441,176	1,972,461
	2,719,804,020	2,676,495,341
Less: adjustment of cotton seed	571,025,872	622,804,670
Transferred to Spinning Section	2,148,778,148	2,053,690,671

23.5 The Company has acquired three Cotton Ginning Factories on operating lease; their total cost of production, after adjustment of cotton seed has been transferred to Spinning Section as raw materials cost.

24. DISTRIBUTION COST

Advertisement	286,732	222,870
Export expenses	118,042,295	131,578,889
Commission	180,574,119	164,836,076
Export development surcharge	17,983,058	18,187,293
Freight and other expenses	53,323,301	56,861,751
	370,209,505	371,686,879

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

25. ADMINISTRATIVE EXPENSES	Note	2017 Rupees	2016 Rupees
Salaries and benefits	25.1	92,515,778	69,001,671
Travelling and conveyance	25.2	58,929,094	59,855,373
Rent, rates and taxes		1,446,460	1,536,083
Entertainment		15,027,249	12,724,967
Utilities		6,862,219	4,592,696
Communication		15,893,933	17,512,906
Printing and stationery		5,232,027	5,075,210
Insurance		3,414,073	2,657,124
Repair and maintenance		20,176,781	20,811,758
Vehicles' running and maintenance		15,193,542	14,859,637
Subscription and licencing fees		8,420,032	12,638,125
Auditors' remuneration:			
- statutory audit		1,000,000	1,000,000
- half yearly review		110,000	110,000
- certification charges		11,500	11,500
		1,121,500	1,121,500
Legal and professional charges (other than Auditors)		1,506,755	1,773,301
Depreciation	5.4	20,002,154	18,890,346
General		20,865,424	8,413,310
		286,607,021	251,464,007

25.1 Expense for the year includes staff retirement benefits - gratuity amounting Rs.6.253 million (2016: Rs.5.354 million).

25.2 These include directors' travelling expenses aggregating Rs.44.809 million (2016: Rs.46.253 million).

26. OTHER INCOME	2017 Rupees	2016 Rupees
Income from financial assets		
Return on bank deposits	6,842	8,940
Dividends	229,320,180	246,432,025
Realized gain on sale of short term investments at fair value through profit or loss - net	165,675,663	76,989,319
Exchange fluctuation gain - net	7,627,660	0
Income from non-financial assets		
Rent	4,183,964	1,501,342
Duty drawback on export sales	153,887,504	0
Others	0	129,900
	560,701,813	325,061,526

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

27. OTHER EXPENSES	Note	2017 Rupees	2016 Rupees
Donations (without directors' interest)		2,707,098	3,868,678
Loss on disposal of operating fixed assets - net	5.3	1,784,835	29,226
Workers' (profit) participation fund	17	13,412,308	0
Unrealised loss on re-measurement of short term investments at fair value through profit or loss	12	105,698,492	266,195,284
Others		0	3,141
		123,602,733	270,096,329

28. FINANCE COST - Net		2017 Rupees	2016 Rupees
Mark-up on:			
- long term financing		73,858,192	91,241,329
- short term borrowings - net of mark-up accrued on loan advanced to an executive amounting Rs.16,500 (2016: Rs.186,122)		317,270,727	270,300,813
Bank charges and commission		80,255,295	54,813,961
		471,384,214	416,356,102

29. EARNINGS / (LOSS) PER SHARE

	2017	2016
There is no dilutive effect on earnings / (loss) per share of the Company, which is based on:		
Profit / (loss) after taxation attributable to ordinary shareholders	317,205,694	(56,158,895)

	2017	2016
	No. of shares	
Weighted average number of ordinary shares in issue during the year	15,000,000	15,000,000

	2017 Rupees	2016 Rupees
Earnings / (Loss) per share - basic	2.15	(3.74)

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

30. SEGMENT INFORMATION

Segment analysis

	Spinning	Weaving	Total
	----------	Rupees	----------
Year ended June 30, 2017			
Revenue	12,981,516,152	2,766,430,624	15,747,946,776
Segment results	216,292,299	132,803,858	349,096,157
Year ended June 30, 2016			
Revenue	11,214,609,703	2,449,098,795	13,663,708,498
Segment results	260,637,757	213,595,430	474,233,187

The Company, during the current and preceding years, has self consumed all the electricity generated and no sales were made to MEPCO.

	2017 Rupees	2016 Rupees
Reconciliation of segment results with profit from operations:		
Total results for reportable segments	349,096,157	474,233,187
Other Income	560,701,813	325,061,526
Other expenses	(123,602,733)	(270,096,329)
Finance cost	(471,384,214)	(416,356,102)
Profit / (loss) from Associates	152,341,837	(110,208,126)
Profit before taxation	467,152,860	2,634,156

Information on assets and liabilities by segment is as follows:

	Spinning	Weaving	Power	Total
	----------	Rupees	----------	
As at June 30, 2017				
Segment assets	8,691,049,827	925,436,008	189,710,973	9,806,196,808
Segment liabilities	983,833,492	114,962,382	25,549,649	1,124,345,523
As at June 30, 2016				
Segment assets	6,534,257,835	898,697,103	241,019,056	7,673,973,994
Segment liabilities	2,958,555,335	2,009,194,170	17,833,298	4,985,582,803

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	As at June 30, 2017		As at June 30, 2016	
	Assets	Liabilities	Assets	Liabilities
	----------	Rupees	----------	
Total for reportable segments	9,806,196,808	1,124,345,523	7,673,973,994	4,985,582,803
Unallocated assets / liabilities	4,562,643,708	8,461,616,621	3,022,114,156	1,244,832,669
Total as per balance sheet	14,368,840,516	9,585,962,144	10,696,088,150	6,230,415,472

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

Sales to domestic customers in Pakistan are 16.95% (2016: 16.71%) and to customers outside Pakistan are 83.05% (2016: 83.29%) of the revenues during the year.

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenues.

Geographical Segments
All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

31.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

31.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of raw materials, plant & machinery, stores & spares and export of goods mainly denominated in U.S. $, Euro, Japanese Yen (JPY) and Swiss Franc (CHF). The Company's exposure to foreign currency risk for U.S. $, Euro, JPY and CHF is as follows:

2017	Rupees	U.S.$	Euro	JPY	CHF
Trade debts	(1,688,722,113)	(16,113,760)	0	0	0
Bills payable	293,146,915	2,606,959	179,928	0	0
Gross balance sheet exposure	(1,395,575,198)	(13,506,801)	179,928	0	0
Outstanding letters of credit	1,039,134,781	2,759,396	6,202,500	4,516,000	0
Net exposure	(356,440,417)	(10,747,405)	6,382,428	4,516,000	0

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

2016	Rupees	U.S.$	Euro	JPY	CHF
Trade debts	(906,057,127)	(8,670,312)	0	0	0
Bills payable	192,804,289	1,841,577	0	0	0
Gross balance sheet exposure	(713,252,838)	(6,828,735)	0	0	0
Outstanding letters of credit	722,399,317	4,230,370	2,183,592	3,137,377	208,800
Net exposure	9,146,479	(2,598,365)	2,183,592	3,137,377	208,800

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2017	2016	2017	2016
U.S. $ to Rupee	104.85	103.28	104.80 / 105	104.50 / 104.70
EURO to Rupee	118.23	115.03	120.14	116.31
Yen to Rupee	0.9800	0.9251	0.9400	1.0186

Sensitivity analysis

At June 30, 2017, if Rupee had strengthened by 10% against U.S.$ and Euro with all other variables held constant, profit before taxation for the year would have been lower by the amount shown below mainly as a result of foreign exchange losses on translation of foreign currency financial assets whereas profit before taxation for the year would have been higher by the amount shown below mainly as a result of foreign exchange gain on translation of foreign currency financial liabilities.

	2017	2016
Effect on profit for the year:	Rupees	Rupees
U.S. $ to Rupee	(141,551,274)	(71,360,281)
Euro to Rupee	2,161,655	0

The weakening of Rupee against U.S. $ and Euro would have had an equal but opposite impact on profit before taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on before tax profit for the year and assets / liabilities of the Company.

(b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2017	2016	2017	2016
	Effective mark-up rate		Carrying amount	
	%	%	-------- (Rupees) --------	
Fixed rate instruments				
Financial assets				
Bank balances at saving accounts	2.5% to 3%	3% to 4%	46,131	54,181
Variable rate instruments				
Financial liabilities				
Long term financing	2.75% to 11.20%	5% to 11.36%	1,144,380,498	990,094,565
Short term borrowings	6.79% to 7.28%	6.65% to 8.01%	6,961,432,955	4,089,627,222

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

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

Cash flow sensitivity analysis for variable rate instruments
At June 30, 2017, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.81.058 million (2016: Rs.50.797 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) **Price risk**
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any price risk.

31.3 **Credit risk exposure and concentration of credit risk**
Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, investments, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 60 to 90 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk
The maximum exposure to credit risk as at June 30, 2017 along with comparative is tabulated below:

	2017 Rupees	2016 Rupees
Long term investments	542,925,000	434,925,000
Loan to an executive	0	978,831
Long term deposits	8,732,521	8,732,521
Trade debts	2,212,371,269	1,318,915,400
Loans and advances	10,477,888	14,159,443
Other receivables	224,306,051	81,157,583
Short term investments	2,610,300,592	1,515,059,701
Bank balances	6,202,058	9,404,181
	5,615,315,379	3,383,332,660

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Trade debts exposure by geographic region is as follows:		
Domestic	523,649,156	412,858,273
Export	1,688,722,113	906,057,127
	2,212,371,269	1,318,915,400

The majority of export debts of the Company are situated in Asia and Europe.

	2017 Rupees	2016 Rupees
The ageing of trade debts at the year-end was as follows:		
Not past due	2,139,710,394	1,248,426,879
Past due Less than 3 months	71,723,379	70,014,445
Past due less than 6 months	210,093	0
Past due more than 6 months	727,403	474,076
	2,212,371,269	1,318,915,400

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.1,774 million (2016: Rs.812.690 million) have been realized subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realized in short course of time. Further, export debts are secured through letters of credit.

Credit rating

Short term credit ratings of investments in Soneri Bank Ltd. and Bank Alfalah Ltd. have been assigned A1+ by PACRA.

31.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 years	5 years and above
2017			Rupees		
Long term financing	1,144,380,498	1,377,012,701	351,165,827	846,416,742	179,430,132
Short term borrowings	7,029,862,459	7,301,560,673	7,301,560,673	0	0
Trade and other payables	1,035,601,311	1,035,601,311	1,035,601,311	0	0
Accrued mark-up	116,961,357	116,961,357	116,961,357	0	0
	9,326,805,625	9,831,136,042	8,805,289,168	846,416,742	179,430,132
2016					
Long term financing	990,094,565	1,039,689,540	328,084,077	710,701,374	904,089
Short term borrowings	4,089,627,222	4,243,202,468	4,243,202,468	0	0
Trade and other payables	831,778,061	831,778,061	831,778,061	0	0
Accrued mark-up	80,738,104	80,738,104	80,738,104	0	0
	5,992,237,952	6,195,408,173	5,483,802,710	710,701,374	904,089

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

31.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2017, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for advances to employees, which are valued at their original costs less repayments.

32. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

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

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

33. REMUNERATION OF DIRECTOR AND EXECUTIVES

	Director		Executives	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Managerial remuneration	6,100,000	3,600,000	29,196,504	23,750,272
Bonus	0	0	1,889,457	1,961,689
Retirement benefits - gratuity	0	0	2,630,630	1,979,189
Other perquisites and benefits	0	0	2,332,648	1,769,744
	6,100,000	3,600,000	36,049,239	29,460,894
Number of persons	1	1	26	22

33.1 The chief executive, all directors and some of the executives have been provided with the Company's maintained cars, residential and cell phones.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies and an undertaking, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties and remuneration of key management personnel are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. The transactions with related parties are made at normal market prices.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

Material transactions with associated companies and an undertaking during the year were as follows:

	2017 Rupees	2016 Rupees
- sale of goods	1,303,786,540	1,451,261,595
- purchase of goods	508,972,609	746,298,707
- doubling charges	5,788,151	767,397
- doubling revenue	10,270,757	28,847,767
- dividend received	0	10,000,000

35. CAPACITY AND PRODUCTION

		2017	2016
Yarn			
Number of spindles installed		111,072	107,760
Number of spindles-shift worked		116,066,542	113,749,959
Production capacity at 20's count			
1,096 shifts (2016: 1,096 shifts)	Kgs.	43,107,057	41,418,134
Actual production converted into 20's count	Kgs.	39,076,662	37,990,392
Cloth			
Number of looms installed		100	100
Number of looms-shifts worked		109,500	109,800
Installed capacity at 60 picks			
1,096 shifts (2016: 1,096 shifts)	mtrs.	23,904,552	23,340,798
Actual production converted into 60 picks	mtrs.	23,858,328	21,591,110
Power House			
Number of generators installed		9	9
Number of shifts worked		1,096	1,096
Generation capacity in Mega Watts		19	19
Actual generation in Mega Watts		16	16

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles' speed, twist, the width and construction of fabric woven, etc. It also varies according to the pattern of production adopted in a particular year.

36. NUMBER OF EMPLOYEES

	2017	2016
	--- Numbers ---	
Number of persons employed as at June 30,		
- permanent	2,052	2,042
- contractual	287	284
Average number of employees during the year		
- permanent	2,015	2,005
- contractual	275	272

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 07, 2017 by the board of directors of the Company.

38. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on October 07, 2017 has proposed a final cash dividend of Rs.9 per share (2016: Rs.nil) for the year ended June 30, 2017. The financial statements for the year ended June 30, 2017 do not include the effect of proposed dividend amounting Rs.135 million (2016: Rs.nil), which will be accounted for in the financial statements for the year ending June 30, 2018 after approval by the members in the annual general meeting to be held on October 28, 2017. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001.

39. FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements and re-classifications have been made in these financial statements.

sd/-	sd/-	sd/-	sd/-
(KH. MUHAMMAD MASOOD)	(KH. MUHAMMAD IQBAL)	(KH. MUHAMMAD YOUNUS)	(MUHAMMAD AMIN PAL)
CHAIRMAN	CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Form of Proxy

I/We ____

of ____

being a member(s) of Mahmood Textile Mills Limited hold ______________________

Ordinary Shares hereby appoint Mr. / Mrs. / Miss ______________________

of ______________ or falling him / her ______________________

of ______________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 47 th Annual General Meeting of the Company to be held on Saturday, October 28, 2017 at Company's Registered Office, Mehr Manzil Lohari Gate, Multan. and / or any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2017.

Signature of Member ______________

in the presence of

Signatures ______________ Signatures ______________

Name ______________ Name ______________

Adress ______________ Address ______________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on Revenue Stamp

The Signature should agree with the specimen registered with the Company

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office Mehr Manzil, Lohari Gate, Multan not later than 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.

2. Any individual beneficial owner 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 NIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.

In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

پراکسی فارم

میں / ہم --

ساکن -- بطور ممبر(ز) محمود ٹیکسٹائل ملز لمیٹڈ

حامل ------------------------------- عام حصص، محترم / محترمہ ---

ساکن -- یا ان کے حاضر نہ ہو سکنے کی صورت میں ------------------------------

ساکن --- کو اپنے/ہمارے ایماء پر کمپنی کے مورخہ 28 اکتوبر 2017ء بروز

ہفتہ 11.00 بجے کمپنی کے رجسٹرڈ آفس مہر منزل، لوہاری گیٹ، ملتان میں ہونے والے 47 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

ممبر کے دستخط

گواہ کے دستخط

نام ....

CNIC/پاسپورٹ نمبر ....

ایڈریس ....

گواہ کے دستخط

نام ....

CNIC/پاسپورٹ نمبر ....

ایڈریس ....

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ **سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔**

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

E-Voting as per the Companies (E-Voting) Regulations, 2016

I/We, ______________________ of __________________, being a member of Mahmod Textile Mills Ltd, holder of ______________________Ordinary Share(s) as per Register Folio No./CDC Account No.______________ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer ________________________ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is ______________________________, please send login details, password and other requirements through email.

Signed under my/our hand this _______ day of ______________ 20____.

Signature of Member

Signed in the presence of:

_   _

Signature of Witness	Signature of Witness
Name:______________________	Name:______________________
CNIC/Passport No:______________________	CNIC/Passport No:______________________
Address:______________________	Address:______________________

E-voting بمطابق E-voting ریگولیشنز

میں/ہم .... آف .... بحیثیت ممبر محمود ٹیکسٹائل ملز لمیٹڈ حامل .... عام شیئرز رجسٹرڈ فولیو نمبر/ CDC اکاؤنٹ نمبر .... دوسرے شخص کے ذریعے E-voting کی آپشن اختیار کرتا ہوں اور اس پر عمل کے لئے .... کو بحیثیت پراکسی Execution آفیسر مقرر کرنے پر رضا مندی ظاہر کرتا ہوں کہ وہ کمپنی۔ 2016ء کے قواعد کے تحت E-voting میں حصہ لے گا اور میں/ہم قرارداد کیلئے انتخاب کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ کردہ E-mail ایڈریس .... ہے۔

برائے مہربانی مجھے/ہمیں Login تفصیلات، Password اور دیگر مطلوبہ معلومات بذریعہ E-mail ارسال کریں۔

میرے/ہمارے دستخط .... مورخہ .... سال ....

ممبر کے دستخط

گواہ کے دستخط	گواہ کے دستخط
نام	نام ....
CNIC/ پاسپورٹ نمبر	CNIC/ پاسپورٹ نمبر ....
ایڈریس	ایڈریس ....

DIVIDEND MANDATE FORM

Dear members

It is to inform you that U/s 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the company to pay dividend through his/ her/ its bank Account.

In pursuance of directions given by the SECP Vide circular No. SMD/CIW/Misc/19/2009 dated June 05, 2012 we request Mr./Mrs./Ms. ______________________________

S/o/D/o W/o ______________________________(where applicable) being the registered shareholder of Mahmood Textile Mills Ltd holding __________ shares having F.No./CDC A/c No. ______________________ hereby given the opportunity to authorize the company to directly credit in your bank account cash dividend (if any declared by the company in future.

Note:-(Please note that Dividend Mandate is optional & not compulsory, in case you don't wish your dividend to be directly credited into your bank A/c then the same shall be paid to you through Dividend Warrant.)

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of Dividend warrants. Please tick any one of the following.

YES **NO**

If yes then please provide the following information.

Transfer Detail

1) IBAN number	
2) Title of Bank Account;	
3) Bank Account number;	
4) Bank Code and Branch; Code	
5) Bank Name, Branch Name and Address;	
6) Cell/Landline Number;	
7) CNIC number; and	
8) Email Address.	

INCOME TAX RETURN FILING STATUS

Confirmation for filing status of Income Tax return for application of revised rates pursuant to the provisions of Finance Act, 2015.

The Company Secretary
Mahmood Textile Mills Limited
Mehr Manzil, Lohari Gate,
Multan.

Dear Sir

I, Mr./Mrs./Ms ________________________ S/O, D/O, W/O ________________________ hereby confirm that I am registered as National Tax Payer and my relevant detail is given below:-

Folio No./CDC A/c No.	Name	NTN No.	CNIC # in case of Individual & CUIN in case of Company	Income Tax return for the year ______ filed

It is stated that the above mentioned information is correct.

____

Signatures of Shareholder

Note:

- Shareholders are also requested to communicate aforesaid information to relevant members of Stock Exchange & CDC (in case of CDC Account holders).
- Please attach attested copy of CNIC and receipt of Income Tax return filed

INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message: