

# Half Yearly Accounts

DECEMBER 31, 2015  
(UN-AUDITED)



**Mahmood Textile Mills Ltd.**









## Company Information

### Board Of Directors:

|                         |                         |
|-------------------------|-------------------------|
| Khawaja Muhammad Masood | Chairman                |
| Khawaja Muhammad Iqbal  | Chief Executive Officer |
| Khawaja Muhammad Ilyas  | Director                |
| Khawaja Muhammad Younus | Director                |
| Jalal-ud-din Roomi      | Director                |
| Mst. Khadija Qureshi    | Director                |
| Muhammad Muzaffar Iqbal | 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.

### Audit Committee

|                         |          |
|-------------------------|----------|
| Khawaja Muhammad Ilyas  | Chairman |
| Khawaja Muhammad Younus | Member   |
| Muhammad Muzafar Iqbal  | Member   |

### Stock Exchange Listing

The Mahmood Textile Mills Limited is a listed Company and its shares are traded on Karachi 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 Al-Falah Limited

### Mills

Mahmoodabad, Multan Road,  
Muzaffargarh.

Masoodabad, D.G. Khan Road,  
Muzaffargarh.

Chowk Sarwar Shaheed  
Distt. Muzaffargarh

### Registered Office

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

### Share Registrar

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

[www.mahmoodgroup.com](http://www.mahmoodgroup.com)

## Directors' Review

### IN THE NAME OF ALLAH THE MOST BENEFICENT & MOST MERCIFUL.

Your Directors are pleased to present half yearly accounts of the Company for the period ended December 31, 2015 duly reviewed by the Statutory Auditor of the Company. The Textile sector is still under severe pressure. However, By the Blessings of Almighty ALLAH, the Company during the half year after providing depreciation of Rs.154,046,625 earned a net profit of Rs. 90,322,871 as compared to Rs.138,431,985 earned during the corresponding period.

Future results of the industry seems pessimistic because of international as well as local yarn & fabrics markets are depressed. Moreover, for an export based industry the devaluation of currency turning into revaluation is also a challenge. The Company is making efforts to face this uphill task. Govt should take steps on war footing to supply un-interrupted electricity / gas at economical and subsidized rates as announced by the Prime Minister of Pakistan, which has not been implemented in true spirit.

Regarding observation of the Auditor, it is stated that as per Company's policy, valuation of investment in the Associated Companies is not made on equity basis in any interim accounts due to non-availability of audited financial statement of the concerned Companies. However, this method of valuation is adopted in the Annual Audited Accounts of the Company to comply with the requirement of IAS 28.

The detail of production of yarn, fabrics and their local and export sale of reporting period is tabulated as under:

#### PRODUCTION:

|   |     |            |
|---|-----|------------|
| Production of Yarn<br>(Converted into 20 Count) | Kgs | 18,882,111 |
|---|-----|------------|

|  |          |            |
|--|----------|------------|
| Production of Cloth<br>(Converted into 60 Picks) | Sq. Mtrs | 18,128,444 |
|--|----------|------------|

#### SALES:

|                    |     |       |           |
|--------------------|-----|-------|-----------|
| Sales Export (Net) | Rs. | 5,470 | (Million) |
| Sales Local (Net)  | Rs. | 1,284 | (Million) |
| Total Sales (Net)  | Rs. | 6,754 | (Million) |

On Behalf of Board of Directors.

sd/-

**Khawaja Muhammad Iqbal**  
Chief Executive Officer

Dated: February 27, 2016  
MULTAN

# Auditors' Report To The Members On Review Of Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of MAHMOOD TEXTILE MILLS LIMITED as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2015.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis of Qualified Conclusion

Carrying values of investments in the Associated Companies as at December 31, 2015 have not been accounted for using the equity method as required by IAS 28 (Investments in Associates and Joint Ventures) as detailed in note 7.

## Qualified Conclusion

Based on our review, except for the matter referred to in the preceding paragraph and the extent to which this may affect the annexed interim financial information, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half-year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Dated: February 27, 2016  
LAHORE

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

# Condensed Interim Balance Sheet

AS AT DECEMBER 31, 2015

|   | Note | Un-audited<br>December 31,<br>2015<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|---|------|--|---------------------------------------|
| <b>ASSETS</b>                           |      |  |                                       |
| <b>Non-current Assets</b>               |      |  |                                       |
| Property, plant and equipment           | 6    | 2,955,800,301                                | 3,041,918,779                         |
| Long term investments                   | 7    | 1,351,189,011                                | 1,351,189,011                         |
| Loan to an executive                    |      | 409,409                                      | 1,384,092                             |
| Long term deposits                      |      | 8,732,521                                    | 8,732,521                             |
|   |      | 4,316,131,242                                | 4,403,224,403                         |
| <b>Current Assets</b>                   |      |  |                                       |
| Stores, spares and loose tools          |      | 227,415,268                                  | 186,838,001                           |
| Stock-in-trade                          | 8    | 3,277,949,510                                | 3,402,944,706                         |
| Trade debts                             |      | 1,375,661,783                                | 1,343,003,773                         |
| Loans and advances                      | 9    | 1,777,764,147                                | 74,898,764                            |
| Short term investments                  | 10   | 1,881,450,614                                | 1,673,500,693                         |
| Prepayments and other receivables       | 11   | 86,403,978                                   | 54,139,312                            |
| Tax refunds due from the Government     |      | 161,948,774                                  | 334,619,158                           |
| Cash and bank balances                  |      | 42,927,696                                   | 15,137,192                            |
|   |      | 8,831,521,770                                | 7,085,081,599                         |
| <b>Total Assets</b>                     |      | <b>13,147,653,012</b>                        | <b>11,488,306,002</b>                 |
| <b>EQUITY AND LIABILITIES</b>           |      |  |                                       |
| <b>Capital and Reserves</b>             |      |  |                                       |
| Authorized capital                      |      | 300,000,000                                  | 300,000,000                           |
| Issued, subscribed and paid-up capital  |      | 150,000,000                                  | 150,000,000                           |
| Capital reserve                         |      | 7,120,600                                    | 7,120,600                             |
| Unappropriated profit                   |      | 4,452,748,431                                | 4,512,425,560                         |
|   |      | 4,609,869,031                                | 4,669,546,160                         |
| <b>Liabilities</b>                      |      |  |                                       |
| <b>Non-current Liabilities</b>          |      |  |                                       |
| Long term financing                     | 12   | 803,125,546                                  | 918,892,118                           |
| Deferred taxation                       |      | 115,243,874                                  | 115,243,874                           |
|   |      | 918,369,420                                  | 1,034,135,992                         |
| <b>Current Liabilities</b>              |      |  |                                       |
| Trade and other payables                | 13   | 1,940,844,310                                | 1,013,025,288                         |
| Accrued mark-up                         |      | 85,478,149                                   | 88,462,778                            |
| Short term borrowings                   |      | 5,212,269,450                                | 4,205,052,598                         |
| Current maturity of long term financing | 12   | 300,822,652                                  | 317,583,186                           |
| Taxation                                |      | 80,000,000                                   | 160,500,000                           |
|   |      | 7,619,414,561                                | 5,784,623,850                         |
| <b>Total liabilities</b>                |      | <b>8,537,783,981</b>                         | <b>6,818,759,842</b>                  |
| <b>Total Equity and Liabilities</b>     |      | <b>13,147,653,012</b>                        | <b>11,488,306,002</b>                 |
| Contingencies and Commitments           | 14   |  |                                       |

The annexed notes form an integral part of this condensed interim financial information.

sd/-  
(KH. MUHAMMAD IQBAL)  
Chief Executive Officer

sd/-  
(JALAL-UD-DIN ROOMI)  
Director

sd/-  
(MUHAMMAD AMIN PAL)  
Chief Financial Officer



# Condensed Interim Profit & Loss Account (un-audited)

FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2015

| Note                       | For the 2nd quarter  |                      | Cumulative          |                     |
|----------------------------|----------------------|----------------------|---------------------|---------------------|
|                            | Oct. - Dec.,<br>2015 | Oct. - Dec.,<br>2014 | Jul - Dec.,<br>2015 | Jul - Dec.,<br>2014 |
| ----- Rupees -----         |                      |                      |                     |                     |
| Sales - net                | 3,362,934,181        | 3,749,774,396        | 6,754,442,957       | 7,048,617,199       |
| Cost Of Sales              | 3,142,688,107        | 3,464,922,715        | 6,282,655,550       | 6,454,208,770       |
| Gross Profit               | 220,246,074          | 284,851,681          | 471,787,407         | 594,408,429         |
| Distribution Cost          | 99,948,974           | 115,069,356          | 198,412,478         | 214,812,918         |
| Administrative Expenses    | 57,656,239           | 59,563,426           | 121,888,709         | 128,275,389         |
| Other Expenses             | 8,552,182            | 4,045,165            | 8,552,182           | 4,123,717           |
| Other Income               | 15 (95,619,833)      | (183,146,961)        | (223,071,627)       | (185,947,315)       |
|                            | 70,537,562           | (4,469,014)          | 105,781,742         | 161,264,709         |
| Profit from Operations     | 149,708,512          | 289,320,695          | 366,005,665         | 433,143,720         |
| Finance Cost               | 16 110,519,774       | 113,168,241          | 195,645,869         | 211,778,606         |
| Profit before Taxation     | 39,188,738           | 176,152,454          | 170,359,796         | 221,365,114         |
| <b>TAXATION</b>            |                      |                      |                     |                     |
| - Current                  | 35,749,300           | 47,500,000           | 80,000,000          | 81,500,000          |
| - Prior years              | 36,925               | 1,433,129            | 36,925              | 1,433,129           |
|                            | 35,786,225           | 48,933,129           | 80,036,925          | 82,933,129          |
| Profit After Taxation      | 3,402,513            | 127,219,325          | 90,322,871          | 138,431,985         |
| Other Comprehensive Income | 0                    | 0                    | 0                   | 0                   |
| Total Comprehensive Income | 3,402,513            | 127,219,325          | 90,322,871          | 138,431,985         |
| Earnings Per Share         | 0.23                 | 8.48                 | 6.02                | 9.23                |

The annexed notes form an integral part of this condensed interim financial information.

sd/-  
(KH. MUHAMMAD IQBAL)  
Chief Executive Officer

sd/-  
(JALAL-UD-DIN ROOMI)  
Director

sd/-  
(MUHAMMAD AMIN PAL)  
Chief Financial Officer

# Condensed Interim Cash Flow Statement (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2015

|   | Half year ended                |                                |
|---|--------------------------------|--------------------------------|
|   | December 31,<br>2015<br>Rupees | December 31,<br>2014<br>Rupees |
| <b>Cash flow from operating activities</b>                      |                                |                                |
| Profit for the period - before taxation                         | 170,359,796                    | 221,365,114                    |
| Adjustments for non-cash charges and other items:               |                                |                                |
| Depreciation  | 154,046,625                    | 154,099,271                    |
| Gain on sale of operating fixed assets - net                    | (467,412)                      | (961,552)                      |
| Loss / (gain) on re-measurement of short term investments       | 5,555,144                      | (89,058,494)                   |
| Gain on sale of short term investments                          | (98,864,562)                   | (94,983,049)                   |
| Return on bank deposits   | (122,753)                      | (23,838)                       |
| Finance cost  | 195,645,869                    | 211,778,606                    |
| <b>Profit for the period before working capital changes</b>     | <b>426,152,707</b>             | <b>402,216,058</b>             |
| <b>Effect on cash flow due to working capital changes</b>       |                                |                                |
| (Increase) / decrease in current assets                         |                                |                                |
| Stores, spares and loose tools                                  | (40,577,267)                   | (128,616,262)                  |
| Stock-in-trade  | 124,995,196                    | (2,824,467,977)                |
| Trade debts   | (32,658,010)                   | (133,975,294)                  |
| Loans and advances  | (1,702,865,383)                | (727,601,216)                  |
| Prepayments and other receivables                               | (32,264,666)                   | (43,304,313)                   |
| Sales tax refundable  | 75,842,590                     | 86,097,938                     |
| Increase in trade and other payables                            | 824,067,307                    | 876,502,092                    |
|   | (783,460,233)                  | (2,895,365,032)                |
| <b>Cash used in operations</b>                                  | <b>(357,307,526)</b>           | <b>(2,493,148,974)</b>         |
| Income tax paid   | (63,709,132)                   | (57,340,163)                   |
| <b>Net cash used in operating activities</b>                    | <b>(421,016,658)</b>           | <b>(2,550,489,137)</b>         |
| <b>Cash flow from investing activities</b>                      |                                |                                |
| Purchase of property, plant and equipment                       | (68,930,735)                   | (20,621,565)                   |
| Sale proceeds of operating fixed assets                         | 1,470,000                      | 5,341,994                      |
| Short term investments - net                                    | (114,640,503)                  | 33,631,978                     |
| Loan to an executive - net                                      | 974,683                        | 1,333,189                      |
| Return on bank deposits   | 122,753                        | 23,838                         |
| <b>Net cash (used in) / generated from investing activities</b> | <b>(181,003,802)</b>           | <b>19,709,434</b>              |
| <b>Cash flow from financing activities</b>                      |                                |                                |
| Long term financing - repaid                                    | (132,527,106)                  | (158,781,407)                  |
| Short term borrowings - net                                     | 1,007,216,852                  | 2,919,274,863                  |
| Finance cost paid   | (198,630,498)                  | (193,138,601)                  |
| Dividend paid   | (46,248,284)                   | (27,976,288)                   |
| <b>Net cash generated from financing activities</b>             | <b>629,810,964</b>             | <b>2,539,378,567</b>           |
| <b>Net increase in cash and cash equivalents</b>                | <b>27,790,504</b>              | <b>8,598,864</b>               |
| <b>Cash and cash equivalents - At beginning of the period</b>   | <b>15,137,192</b>              | <b>8,772,845</b>               |
| <b>Cash and cash equivalents - At end of the period</b>         | <b>42,927,696</b>              | <b>17,371,709</b>              |

The annexed notes form an integral part of this condensed interim financial information.

sd/-  
(KH. MUHAMMAD IQBAL)  
Chief Executive Officer

sd/-  
(JALAL-UD-DIN ROOMI)  
Director

sd/-  
(MUHAMMAD AMIN PAL)  
Chief Financial Officer

## Condensed Interim Statement Of Changes In Equity (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2015

|  | Share capital      | Capital reserve | Unappropriated profit | Total         |
|--|--------------------|-----------------|-----------------------|---------------|
|  | ----- Rupees ----- |                 |                       |               |
| Balance as at June 30, 2015 (audited)  | 150,000,000        | 7,120,600       | 4,512,425,560         | 4,669,546,160 |
| Transactions with owners:  |                    |                 |                       |               |
| Final cash dividend for the year ended<br>June 30, 2015 at the rate of Rs.10 per share | 0                  | 0               | (150,000,000)         | (150,000,000) |
| Total comprehensive income for the<br>half-year ended December 31, 2015                | 0                  | 0               | 90,322,871            | 90,322,871    |
| Balance as at December 31, 2015 (un-audited)   | 150,000,000        | 7,120,600       | 4,452,748,431         | 4,609,869,031 |
| Balance as at June 30, 2014 (audited)  | 150,000,000        | 7,120,600       | 4,291,302,955         | 4,448,423,555 |
| Transactions with owners:  |                    |                 |                       |               |
| Final cash dividend for the year ended<br>June 30, 2014 @ Rs. 10 per share             | 0                  | 0               | (150,000,000)         | (150,000,000) |
| Total comprehensive income for the<br>half-year ended December 31, 2014                | 0                  | 0               | 138,431,985           | 138,431,985   |
| Balance as at<br>December 31, 2014 (un-audited)  | 150,000,000        | 7,120,600       | 4,279,734,940         | 4,436,855,540 |

The annexed notes form an integral part of this condensed interim financial information.

sd/-  
(KH. MUHAMMAD IQBAL)  
Chief Executive Officer

sd/-  
(JALAL-UD-DIN ROOMI)  
Director

sd/-  
(MUHAMMAD AMIN PAL)  
Chief Financial Officer

# Notes To The Condensed Interim Financial Information (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2015

## 1. Legal Status and Operations

Mahmood Textile Mills Ltd. (the Company) was incorporated in Pakistan on February 25, 1970 as a Public Company and its shares are quoted on the Karachi Stock Exchange Ltd. (now 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

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half-year ended December 31, 2015 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2015.

## 3. Significant Accounting Policies

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2015.

## 4. Changes in Accounting Standards and Interpretations

### 4.1 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 or after January 01, 2015 and are considered to be relevant to the Company's operations.

- (a) IFRS 12, 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.
- (b) IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standard within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 01, 2015, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

## 5. Accounting Estimates, Judgments and Financial Risk Management

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

|   |             | Un-audited<br>December 31,<br>2015<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|---|-------------|--|---------------------------------------|
| <b>6. Property, Plant and Equipment</b>   | <b>Note</b> |  |                                       |
| Operating fixed assets                    | 6.1         | 2,920,576,378                                | 3,017,002,255                         |
| Capital work-in-progress                  |             | 35,223,923                                   | 24,916,524                            |
|   |             | <b>2,955,800,301</b>                         | <b>3,041,918,779</b>                  |
| <b>6.1 Operating Fixed Assets</b>         |             |  |                                       |
| Book value at beginning of the period     |             | 3,017,002,255                                |                                       |
| Additions during the period:              |             |  |                                       |
| - plant and machinery                     |             | 52,914,346                                   |                                       |
| - stand-by equipment                      |             | 1,080,000                                    |                                       |
| - electric installations                  |             | 2,916,490                                    |                                       |
| - computers and accessories               |             | 54,000                                       |                                       |
| - furniture and fittings                  |             | 105,000                                      |                                       |
| - vehicles                                |             | 1,553,500                                    |                                       |
|   |             | 58,623,336                                   |                                       |
| Book value of operating fixed assets sold |             | (1,002,588)                                  |                                       |
| Depreciation charge for the period        |             | (154,046,625)                                |                                       |
| Book value at end of the period           |             | <b>2,920,576,378</b>                         |                                       |

## 7. Long Term Investments

Carrying values of investments in Masood Spinning Mills Ltd. and Roomi Fabrics Ltd. (Associated Companies) as at December 31, 2015 have not been accounted for using the equity method as required by IAS 28 (Investments in Associates and Joint Ventures) due to non-availability of financial statements for the half-year ended December 31, 2015 of these Associated Companies.

|   | Un-audited<br>December 31,<br>2015<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|---|--|---------------------------------------|
| <b>8. Stock-in-Trade</b>  |  |                                       |
| Raw materials including in-transit inventory valuing<br>Rs. 511,683,998 (June 30, 2015: Rs. 310,678,511)                                    | 2,593,985,047                                | 2,559,388,729                         |
| Work-in-process   | 98,402,647                                   | 98,012,966                            |
| <b>Finished goods</b>   |  |                                       |
| - own manufactured  | 585,561,816                                  | 739,603,885                           |
| - trading   | 0  | 5,939,126                             |
|   | 585,561,816                                  | 745,543,011                           |
|   | 3,277,949,510                                | 3,402,944,706                         |
| <b>9. Loans and Advances</b>  |  |                                       |
| Period-end balance includes advances made to suppliers and contractors aggregating Rs.1,655.321 million (June 30, 2015: Rs.42.968 million). |  |                                       |
| <b>10. Short Term Investments - Quoted</b><br>(at fair value through profit or loss)  |  |                                       |
| Arif Habib Corporation Ltd. 12,390,500<br>(June 30, 2015: 11,200,000) shares of Rs.10 each  | 662,622,744                                  | 447,656,827                           |
| Dawood Hercules Corporation Ltd.<br>Nil shares (June 30, 2015: 4,502,489) shares of Rs.10 each  | 0  | 469,270,267                           |
| IGI Investment Bank Ltd.<br>5,730,000 (June 30, 2015: 5,592,000) shares of Rs. 10 each  | 9,680,457                                    | 8,501,324                             |
| Soneri Bank Ltd.<br>20,696,000 (June 30, 2015:10,414,000) shares of Rs.10 each  | 272,599,667                                  | 136,502,604                           |
| Faysal Bank Ltd.<br>7,912,150 (June 30, 2015: 15,463,650) shares of Rs.10 each  | 128,807,523                                  | 244,412,487                           |
| Lalpir Power Ltd.<br>9,716,500 (June 30, 2015: 5,208,000) shares of Rs.10 each  | 292,023,133                                  | 182,510,722                           |
| Dandot Cement Company Limited<br>731,500 (June 30, 2015: 931,500) shares of Rs.10 each  | 8,521,975                                    | 16,426,032                            |
| NIB Bank Limited<br>20,906,500 shares of Rs.10 each   | 47,755,811                                   | 0                                     |
| Pakistan Telecommunication Company Limited<br>1,543,500 shares of Rs.10 each  | 25,359,284                                   | 0                                     |
| Adamjee Insurance Company Limited<br>7,282,000 shares of Rs.10 each   | 409,480,562                                  | 0                                     |
| Silk Bank Limited<br>16,870,500 shares of Rs.10 each  | 30,154,602                                   | 0                                     |
|   | 1,887,005,758                                | 1,505,280,263                         |
| Adjustment on re-measurement to fair value  | (5,555,144)                                  | 168,220,430                           |
|   | 1,881,450,614                                | 1,673,500,693                         |

#### 11. Prepayments and Other Receivables

As fully detailed in note 12.1 to the financial statements of the Company for the year ended June 30, 2015. Mark-up aggregating Rs.70.144 million approximately, on receivable balance from Three Star Hosiery Mills (Pvt.) Ltd. (TSHM) against sale of shares, has not been accrued in this interim financial information as the ultimate outcome of the matter depends upon judgment of the Court. The suit has been decreed along with cost vide order dated May 02, 2015 by the Additional District Judge, Multan.

|  | Note | Un-audited<br>December 31,<br>2015<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|--|------|--|---------------------------------------|
| <b>12. Long Term Financing - Secured</b>                   |      |  |                                       |
| Habib Bank Ltd. (HBL)                                      |      | 186,173,825                                  | 221,684,918                           |
| MCB Bank Ltd. (MCB)  |      | 300,000,000                                  | 337,500,000                           |
| Meezan Bank Ltd. (MBL)                                     |      | 385,941,854                                  | 391,594,406                           |
| United Bank Ltd. (UBL)                                     |      | 231,832,519                                  | 285,695,980                           |
| Balance at end of the period / year                        |      | 1,103,948,198                                | 1,236,475,304                         |
| Less: current portion grouped under current liabilities:   |      |  |                                       |
| - HBL  |      | 87,449,902                                   | 107,449,902                           |
| - MCB  |      | 75,000,000                                   | 75,000,000                            |
| - MBL  |      | 52,705,977                                   | 35,353,102                            |
| - UBL  |      | 85,666,773                                   | 99,780,182                            |
|  |      | 300,822,652                                  | 317,583,186                           |
|  |      | 803,125,546                                  | 918,892,118                           |
| <b>13. Trade and Other Payables</b>                        |      |  |                                       |
| Creditors  |      | 76,166,472                                   | 104,986,517                           |
| Bills payable - secured                                    |      | 197,492,433                                  | 194,161,884                           |
| Due to an associated company and an associated undertaking |      | 60,580,864                                   | 178,972,466                           |
| Accrued expenses   |      | 1,435,235,678                                | 466,268,423                           |
| Advances from customers                                    |      | 17,122,469                                   | 14,822,991                            |
| Tax deducted at source                                     |      | 2,358,921                                    | 1,839,918                             |
| Workers' welfare fund                                      |      | 39,155,252                                   | 39,155,252                            |
| Unclaimed dividends  |      | 105,244,558                                  | 1,492,842                             |
| Others   |      | 7,487,663                                    | 11,324,995                            |
|  |      | 1,940,844,310                                | 1,013,025,288                         |

#### 14. Contingencies and Commitments

- 14.1** There has been no significant change in the status of contingencies as reported in the audited financial statements of the Company for the year ended June 30, 2015.
- 14.2** Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.390.543 million as at December 31, 2015 (June 30, 2015: Rs.337.183 million).
- 14.3** Foreign bills discounted outstanding as at December 31, 2015 aggregated Rs.355.974 million (June 30, 2015: Rs.1396.983 million).

|   | Un-audited<br>December 31,<br>2015 | Audited<br>June 30,<br>2015 |
|---|------------------------------------|-----------------------------|
|   | Rupees in million                  |                             |
| <b>14.4</b> Commitments against irrevocable letters of credit were for: |                                    |                             |
| - capital expenditure   | 41,516                             | 29,558                      |
| - others  | 392,865                            | 8,559                       |
|   | 434,381                            | 38,117                      |

|  | Un-audited<br>Half-year ended<br>December 31,<br>2015 | December 31,<br>2014 |
|--|---|----------------------|
|  | Rupees  |                      |
| <b>15. Other Income</b>  |   |                      |
| <b>Income from financial assets</b>  |   |                      |
| Realised gain on sale of short term investments at fair value through profit or loss | 98,864,562  | 94,983,049           |
| Fair value gain on re-measurement of short term investments                          | 0   | 89,058,494           |
| Return on bank deposits  | 122,753   | 23,838               |
| Dividend received on:  |   |                      |
| - long term investments in Orient Power Company (Pvt) Ltd.                           | 59,763,750  | 0                    |
| - short term investments   | 63,809,250  | 0                    |
| Exchange fluctuation gain - net  | 0   | 917,982              |
| <b>Income from non-financial assets</b>  |   |                      |
| Rent   | 0   | 2,400                |
| Gain on sale of operating fixed assets - net   | 467,412   | 961,552              |
| Export rebate  | 43,900  | 0                    |
|  | 223,071,627   | 185,947,315          |

|  |             |             |
|--|-------------|-------------|
| <b>16. Finance Cost</b>                          |             |             |
| Mark-up on:                                      |             |             |
| - long term financing                            | 50,482,388  | 72,134,170  |
| - short term borrowings                          | 115,514,666 | 104,900,808 |
| Interest on workers' (profit) participation fund | 0           | 1,916,567   |
| Bank charges and commission                      | 29,648,815  | 32,827,061  |
|  | 195,645,869 | 211,778,606 |

#### 17. Segment Information

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. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



Information regarding the Company's reportable segments is presented below:

### Segment Analysis

|                                   | Spinning      | Weaving<br>Rupees | Total         |
|-----------------------------------|---------------|-------------------|---------------|
| Half-year ended December 31, 2015 |               |                   |               |
| Revenue                           | 5,468,420,405 | 1,286,022,552     | 6,754,442,957 |
| Segment results                   | 140,733,406   | 10,752,814        | 151,486,220   |
| Half-year ended December 31, 2014 |               |                   |               |
| Revenue                           | 5,890,305,449 | 1,158,311,750     | 7,048,617,199 |
| Segment results                   | 324,174,933   | (72,854,811)      | 251,320,122   |

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

### Reconciliation of segment results with profit before taxation:

|                                       | Un-audited<br>Half-year ended<br>December 31,<br>2015<br>Rupees | December 31,<br>2014<br>Rupees |
|---------------------------------------|---|--------------------------------|
| Total results for reportable segments | 151,486,220   | 251,320,122                    |
| Other expenses                        | (8,552,182)   | (4,123,717)                    |
| Other income                          | 223,071,627   | 185,947,315                    |
| Finance cost                          | (195,645,869)   | (211,778,606)                  |
| Profit before taxation                | 170,359,796   | 221,365,114                    |

### Information on assets and liabilities by segment is as follows:

|                         | Spinning      | Weaving       | Power       | Total         |
|-------------------------|---------------|---------------|-------------|---------------|
|                         | Rupees        |               |             |               |
| As at December 31, 2015 |               |               |             |               |
| Segment assets          | 8,565,265,688 | 862,203,778   | 273,934,931 | 9,701,404,397 |
| Segment liabilities     | 7,041,165,211 | 87,765,831    | 24,182,717  | 7,153,113,759 |
| As at June 30, 2015     |               |               |             |               |
| Segment assets          | 6,758,259,098 | 1,133,282,047 | 214,726,778 | 8,106,267,923 |
| Segment liabilities     | 4,780,676,237 | 362,563,779   | 75,978,368  | 5,219,218,384 |

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

|                                  | As at December 31, 2015<br>Assets | Liabilities   | As at June 30, 2015<br>Assets | Liabilities   |
|----------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
|                                  | Rupees                            |               |                               |               |
| Total for reportable segments    | 9,701,404,397                     | 7,153,113,760 | 8,106,267,923                 | 5,219,218,384 |
| Unallocated assets / liabilities | 3,446,248,615                     | 1,384,670,221 | 3,382,038,079                 | 1,599,541,458 |
| Total as per balance sheet       | 13,147,653,012                    | 8,537,783,981 | 11,488,306,002                | 6,818,759,842 |

- 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.

### 18. Transactions With Related Parties

18.1 Significant transactions executed with related parties during the period were as follows:

| Relationship             | Nature of transactions            | Un-audited<br>Half-year ended<br>December 31, |                |
|--------------------------|-----------------------------------|---|----------------|
|                          |                                   | 2015<br>Rupees                                | 2014<br>Rupees |
| Associated Companies     | - sale of goods                   | 660,976,184                                   | 706,033,927    |
|                          | - purchase of goods               | 501,694,640                                   | 1,198,200,001  |
|                          | - doubling charges                | 0   | 709,929        |
|                          | - doubling revenue                | 12,738,620                                    | 8,132,373      |
| Key management personnel | - remuneration and other benefits | 11,189,098                                    | 11,823,504     |

Commercial Transactions with associated Companies have been made at market rates.

### 18.2 Period / year-end balances

|                          | Un-audited<br>December 31,<br>2015<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|--------------------------|--|---------------------------------------|
| Trade and other payables | 60,584,864                                   | 178,972,466                           |
| Loans and advances       | 92,322,807                                   | 0                                     |

These balances have arisen on account of commercial Transactions.

### 19. Date Of Authorisation For Issue

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on February 27, 2016.

### 20. Corresponding Figures

20.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

20.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.

sd/-  
(KH. MUHAMMAD IQBAL)  
Chief Executive Officer

sd/-  
(JALAL-UD-DIN ROOMI)  
Director

sd/-  
(MUHAMMAD AMIN PAL)  
Chief Financial Officer





### **Mahmood Textile Mills Ltd.**

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