



Half Yearly Accounts

December 31, 2019
(Un-audited)

Mahmood Textile
Mills Limited





*Since
1970*



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Company Information

Board of Directors:

Khawaja Muhammad Ilyas	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Younus	Director
Khawaja Jalal ud Din	Director
Khawaja Muhammad Muzaffar Iqbal	Director
Khawaja Muhammad Anees	Director
Abdul Rehman Qureshi	Independent Director

Chief Financial Officer

Muhammad Amin Pal
FCA

Company Secretary

Yasir Ghaffar
ACA

Auditors

ShineWing Hameed Chaudhri & Co
Chartered Accountants
2526/F Shadman Colony, Opposite High Court,
Bahawalpur Road, Multan.

Stock Exchange Listing

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

Share Registrar

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

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
Faysal Bank Limited
Bank Islami Limited
Habib Metropolitan Bank Limited
The Bank of Punjab

Mills

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

Registered Office

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

Regional Office

2nd Floor, Cotton Exchange Building, I.I.
Chundrigarh Road, Karachi.

www.mahmoodgroup.com

Directors' Review

On behalf of the board of directors of Mahmood Textile Mills Limited, I am presenting the un-audited condensed interim financial statements for the half year ended 31st December, 2019 duly reviewed by statutory auditors of the Company.

Due to continuous fall in production of cotton, reliance on imported cotton has caused increase in cost of production. Utility prices of electricity agreed by the Government @ 7.50 cents per unit is not being fulfilled which will have negative effect on the textile export sector.

During the period ended December 31, 2019, By the Blessings of Almighty ALLAH, operational results of the company during the current period have improved and net profit increased significantly to Rs. 220.558 (Million) from Rs. 132.369 (Million) in corresponding period of 2018.

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

PRODUCTION:

Production of Yarn Kgs	20,062,218 (Converted into 20 Count)
Production of Cloth Mtrs	20,599,201 (Converted into 60 Picks)

SALES:

Sales Export (Net)	Rs. 11,110.8 (Million)
Sales Local (Net)	Rs. 2,533.8 (Million)
Total Sales (Net)	Rs. 13,644.6 (Million)

In spite of existing impediments faced by the textile industry the management is still optimistic for the promising future and determined to deliver improved financial results during the upcoming quarters.

The Board highly appreciates the contribution of employees, bankers, corporate regulators, stakeholders and other government authorities for their extended co-operation and support.

For and on Behalf of Board of Directors.

sd/-

Khawaja Muhammad Ilyas
Chairman

Dated: February 28, 2020
Location: Multan

ڈائریکٹرز کا جائزہ:

محمود ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر 2019ء کو ختم ہونے والے نصف سال کے لئے کمپنی کے قانونی آڈیٹروں کے ذریعہ جائزہ رپورٹ کے ساتھ کنڈینسڈ عبوری مالی نتائج پیش کر رہا ہوں۔

روٹی کی پیداوار میں مسلسل گراؤ کی وجہ سے درآمد شدہ روٹی پر انحصار نے پیداواری لاگت میں اضافہ کیا ہے۔ حکومت کی جانب سے 7.50 سینٹ فی یونٹ بجلی کی قیمتوں پر اتفاق ہوا تھا جس پر عمل نہیں ہو رہا اور اس کی وجہ سے ٹیکسٹائل ایکسپورٹ سیکٹر پر منفی اثر پڑے گا۔

31 دسمبر 2019ء کو ختم ہونے والی مدت کے دوران، اللہ تبارک و تعالیٰ کی برکات کے ذریعہ، موجودہ مدت کے دوران کمپنی کے آپریشنل نتائج میں بہتری آئی ہے اور خالص منافع میں نمایاں اضافہ ہوا ہے اور وہ 220.558 (ملین) روپے ہے جو کہ سابقہ اسی مدت (2018ء) میں 132.369 (ملین) تھا۔

دھاگہ، فیبرکس اور ان کی مقامی اور برآمدگی فروخت کی تفصیل رپورٹنگ کی مدت کے مطابق مندرجہ ذیل ہے۔

پروڈکشن:

دھاگہ کی پیداوار کلوگرام	20,062,218 (20 شمار میں تبدیل شدہ)
کلاتھ میٹرز کی پیداوار	20,599,201 (60 پکس میں تبدیل شدہ)

فروخت:

سیلز ایکسپورٹ (نیٹ)	11,110.8 (ملین) روپے
سیلز لوکل (نیٹ)	2,533.8 (ملین) روپے
کل سیلز (نیٹ)	13,644.6 (ملین) روپے

ٹیکسٹائل کی صنعت کو درپیش موجودہ رکاوٹوں کے باوجود، انتظامیہ اب بھی متوقع مستقبل کے لئے پر امید ہے اور آئندہ سہ ماہی کے دوران بہتر مالی نتائج پیش کرنے کیلئے پرعزم ہے۔

بورڈ ملازمین، بینکرز، کارپوریٹ ریگولیٹرز، اسٹیک ہولڈرز اور دیگر سرکاری حکام کی جانب سے تعاون پر بے حد تعریف کرتا ہے۔

خواجہ محمد الیاس
چیئرمین

تاریخ: 28 فروری، 2020ء
ملتان

Independent Auditors' Review Report To The Members Of Mahmood Textile Mills Limited On Review Of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Mahmood Textile Mills Limited as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2019.

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 condensed interim financial statements 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half-year ended December 31, 2019 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 7.4 to the interim financial statements, which describe the reason for not restating the prior period due to non-availability of financial statements of Associated Companies for the period, ended December 31, 2018.

The engagement partner on this engagement resulting in this independent auditors' review report is Mr. Talat Javed.

Dated: February 28, 2020
MULTAN

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Condensed Interim Statement of Financial Position (Un-audited)

AS AT DECEMBER 31, 2019

		Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
Assets			
Non-current Assets			
Property, plant and equipment	6	8,759,749,129	8,941,221,425
Long term investments	7	4,132,938,748	3,888,694,040
Long term deposits		9,980,881	9,980,881
		12,902,668,758	12,839,896,346
Current Assets			
Stores, spares and loose tools		298,321,192	299,902,296
Stock-in-trade	8	6,965,984,133	7,593,497,763
Trade debts	9	3,242,306,071	1,685,878,358
Loans and advances	10	990,240,937	598,860,571
Other receivables		299,285,838	274,891,275
Short term investments	11	885,489,698	1,370,406,290
Sales tax refund bonds		-	35,300,000
Tax refunds due from the Government		604,395,752	543,014,606
Cash and bank balances		193,639,383	24,598,057
		13,479,663,004	12,426,349,216
		26,382,331,762	25,266,245,562
Total Assets			
Equity and Liabilities			
Capital and Reserves			
Authorized capital			
30,000,000 (June 30, 2019: 30,000,000)			
ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	12	187,500,000	150,000,000
Capital reserve:			
Capital reserve		7,120,600	7,120,600
Surplus on revaluation of property, plant and equipment		2,867,512,512	2,916,720,253
Revenue reserve - unappropriated profit		5,749,880,571	5,490,667,026
		8,812,013,683	8,564,507,879
Liabilities			
Non-current Liabilities			
Long term financing	13	5,071,304,666	3,349,875,623
Current Liabilities			
Trade and other payables	14	2,703,718,909	1,441,643,503
Unclaimed dividends		2,472,353	2,472,353
Accrued mark-up		287,350,450	379,719,310
Short term borrowings	15	8,711,736,125	10,863,086,159
Current maturity of long term financing	13	461,681,729	433,940,735
Taxation		332,053,847	231,000,000
		12,499,013,413	13,351,862,060
		17,570,318,079	16,701,737,683
		26,382,331,762	25,266,245,562
Total Liabilities			
Total Equity and Liabilities			
Contingencies and Commitments			
	16		

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Iqbal
Chief Executive Officer

sd/-
Kh. Muhammad Younus
Director

sd/-
Muhammad Amin Pal
Chief financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended		Half year ended	
		Oct. - Dec., 2019	Oct. - Dec., 2018	July - Dec., 2019	July - Dec., 2018
----- Rupees -----					
Sales - net	17	7,306,849,241	5,923,875,816	13,644,559,134	11,366,706,118
Cost of Sales		(6,696,389,826)	(5,215,732,425)	(12,443,806,517)	(9,951,744,165)
Gross Profit		610,459,415	708,143,391	1,200,752,617	1,414,961,953
Distribution Cost		(210,208,844)	(175,257,351)	(351,056,967)	(302,460,264)
Administrative Expenses		(128,743,511)	(105,121,134)	(272,478,422)	(206,054,210)
Other Expenses		(5,082,968)	(258,159,348)	(5,082,968)	(258,159,348)
Other Income	18	(40,789,930)	164,872,100	234,019,006	169,804,961
		(384,825,253)	(373,665,733)	(394,599,351)	(596,868,861)
Profit from Operations		225,634,162	334,477,658	806,153,266	818,093,092
Finance Cost	19	(372,798,664)	(336,610,809)	(815,665,428)	(592,711,152)
Share of profit of associates		291,968,598	-	291,968,598	-
Profit / (loss) before Taxation		144,804,096	(2,133,151)	282,456,436	225,381,940
Taxation					
- current - net		(41,053,934)	(38,571,697)	(61,898,682)	(93,000,000)
- prior years		-	(12,923)	-	(12,923)
		(41,053,934)	(38,584,620)	(61,898,682)	(93,012,923)
Profit / (loss) after Taxation		103,750,162	(40,717,771)	220,557,754	132,369,017
Earnings Per Share		5.53	Restated (2.17)	11.76	Restated 7.06

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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Chairman

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Kh. Muhammad Iqbal
Chief Executive Officer

sd/-
Kh. Muhammad Younus
Director

sd/-
Muhammad Amin Pal
Chief financial Officer

Condensed Interim Statement of Other Comprehensive Income (un-audited)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2019

	<i>Quarter ended</i>		<i>Half year ended</i>	
	<i>Oct. - Dec., 2019</i>	<i>Oct. - Dec., 2018</i>	<i>July - Dec., 2019</i>	<i>July - Dec., 2018</i>
	----- Rupees -----			
<i>Profit / (loss) after Taxation</i>	103,750,162	(40,717,771)	220,557,754	132,369,017
<i>Other Comprehensive Income for the period</i>				
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>				
Surplus on revaluation of property, plant and equipment - associate	26,948,050	-	26,948,050	-
<i>Total Comprehensive Income for the period</i>	130,698,212	(40,717,771)	247,505,804	132,369,017

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

sd/-
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Chairman

sd/-
Kh. Muhammad Iqbal
Chief Executive Officer

sd/-
Kh. Muhammad Younus
Director

sd/-
Muhammad Amin Pal
Chief financial Officer

Condensed Interim Statement of Cash Flows (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2019

	<i>Half-year ended</i>	
	<i>December 31, 2019 Rupees</i>	<i>December 31, 2018 Rupees</i>
<i>Cash flow from operating activities</i>		
Profit for the period before taxation	282,456,436	225,381,940
Adjustments for non-cash charges and other items:		
Depreciation	386,477,884	286,749,217
(Gain) / Loss on disposal of operating fixed assets - net	(484,765)	4,808,633
(Gain) / Loss on re-measurement of short term investments	(133,623,636)	242,317,073
(Gain) / Loss on sale of short term investments	(65,302,540)	4,690,041
Dividend income	-	(158,413,955)
Duty drawback on export sales	(19,198,498)	
Markup income on Term Finance Certificates	(11,540,521)	-
Share of profit from associates	(291,968,598)	-
Finance cost	815,665,428	592,711,152
<i>Profit before working capital changes</i>	962,481,190	1,198,244,101
<i>Effect on cash flow due to working capital changes</i>		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and loose tools	1,581,104	4,676,194
Stock-in-trade	627,513,630	(3,791,063,298)
Trade debts	(1,556,427,713)	69,525,576
Loans and advances	(391,380,366)	(367,634,597)
Prepayments and other receivables	(5,196,065)	15,957,733
Sales tax refundable	(34,875,679)	(22,863,123)
<i>Increase in trade and other payables</i>	1,301,230,658	573,661,563
	(57,554,431)	(3,517,739,952)
<i>Cash generated from / (used in) operations</i>	904,926,759	(2,319,495,851)
Income tax received / (paid)	8,794,446	(100,115,916)
<i>Net cash generated from / (used in) operating activities</i>	913,721,205	(2,419,611,767)
<i>Cash flow from investing activities</i>		
Purchase of property, plant and equipment	(214,359,157)	(379,702,932)
Sale proceeds / insurance claims of operating fixed assets	9,838,334	31,835,089
Long term investments	(100,000,000)	(787,793,358)
Short term investments - net	683,842,768	(327,729,785)
Long term deposits	-	(743,360)
Markup income received on Term Finance Certificates	11,540,521	-
Dividend received	174,671,940	158,413,955
<i>Net cash generated from / (used in) investing activities</i>	565,534,406	(1,305,720,391)
<i>Cash flow from financing activities</i>		
Long term financing - net	1,749,170,037	1,174,892,231
Short term borrowings - net	(2,151,350,034)	3,117,950,159
Finance cost paid	(908,034,288)	(507,655,806)
Dividend paid	-	(37,334,731)
<i>Net cash (used in) / generated from financing activities</i>	(1,310,214,285)	3,747,851,853
<i>Net increase in cash and cash equivalents</i>	169,041,326	22,519,695
<i>Cash and cash equivalents - at beginning of the period</i>	24,598,057	32,362,744
<i>Cash and cash equivalents - at end of the period</i>	193,639,383	54,882,439

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Iqbal
Chief Executive Officer

sd/-
Kh. Muhammad Younus
Director

sd/-
Muhammad Amin Pal
Chief financial Officer

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

FOR THE HALF-YEAR ENDED DECEMBER 31, 2019

	Capital reserves			Revenue reserve		Total
	Share Capital	Capital Reserve	Surplus on revaluation of property, plant and equipment	Revenue reserve - Unappropriated	Profit	
	----- Rupees -----					
Balance as at June 30, 2019 (Audited)	150,000,000	7,120,600	2,916,720,253	5,490,667,026		8,564,507,879
Transactions with owners:						
Bonus shares issued during the period in ratio of 2.5 shares for every 100 shares held	37,500,000	-	-	(37,500,000)		-
Total comprehensive income for the period						
Profit for the period	-	-	-	220,557,754		220,557,754
Other comprehensive income for the period	-	-	26,948,050	-		26,948,050
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation	-	-	(76,155,791)	76,155,791		-
Balance as at December 31, 2019 (Un-audited)	187,500,000	7,120,600	2,867,512,512	5,749,880,571		8,812,013,683
Balance as at June 30, 2018 (Audited)	150,000,000	7,120,600	-	4,541,356,760		4,698,477,360
Transactions with owners:						
Final cash dividend for the year ended June 30, 2018 @ Rs. 2.5 per share	-	-	-	(37,500,000)		(37,500,000)
Total comprehensive income for the period						
Profit for the period	-	-	-	132,369,017		132,369,017
Other comprehensive income for the period	-	-	-	-		-
Balance as at December 31, 2018 (Un-audited)	150,000,000	7,120,600	-	4,636,225,777		4,793,346,377

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Iqbal
Chief Executive Officer

sd/-
Kh. Muhammad Younus
Director

sd/-
Muhammad Amin Pal
Chief financial Officer

Notes To The Condensed Interim Financial Statements (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2019

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 Limited. The Company is principally engaged in manufacture and sale of yarn, grey cloth and generation of electricity.

Geographical location and addresses of business unit / mills:

Registered office / Head office

Mehr Manzil, Lohari Gate, Multan

Regional Office

2nd floor, Cotton Exchange Building, I.I. Chundrigarh Road, Karachi

Mills

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

2. *Basis of Preparation*

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

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

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half-year ended December 31, 2019.

2.4 These condensed interim financial statements are being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

2.5 Provisions for workers' (profit) participation fund and workers' welfare fund have not been made in these condensed interim financial statements and will be provided for in the financial statements for the year ending June 30, 2020.

3. *Significant Accounting Policies*

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of financial statements of the Company for the year ended June 30, 2019.

4. *New / Revised Standards, Interpretations and Amendments*

4.1 *New standards, amendments and interpretations to published approved accounting and reporting standards which are effective during the half year ended December 31, 2019*

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2019. However, these do not have any impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

5. Accounting Estimates, Judgments and Financial Risk Management

5.1 The preparation of condensed interim financial statements 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 recognized prospectively commencing from the period of revision.

5.2 Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

5.3 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, 2019.

		<i>Un-audited</i> <i>December 31,</i> <i>2019</i> <i>Rupees</i>	<i>Audited</i> <i>June 30,</i> <i>2019</i> <i>Rupees</i>
6. Property, Plant and Equipment			
Operating fixed assets	6.1	8,743,108,685	8,887,835,682
Capital work-in-progress		16,640,444	53,385,743
		8,759,749,129	8,941,221,425
6.1 Operating fixed assets			
Book value at the beginning of the period / year		8,887,835,682	5,307,504,451
Additions during the period / year:			
- buildings on freehold land		14,504,551	99,989,984
- buildings on leasehold land		1,254,754	92,907,752
- plant and machinery		163,031,733	979,127,414
- stand by equipment		-	19,913,790
- furniture and fittings		1,772,800	2,060,229
- vehicles		9,331,087	70,727,883
- electric installations		60,193,908	81,428,129
- gas installations		1,015,623	264,980
- tools and equipment		-	143,833
- computers and accessories		-	1,612,080
		251,104,456	1,348,176,074
Book value of operating fixed assets sold / write-off		(9,353,569)	(56,646,354)
Revaluation surplus for the period / year		-	2,886,623,781
Depreciation charge for the period / year		(386,477,884)	(597,822,270)
Book value at the end of period / year		8,743,108,685	8,887,835,682
7. Long Term Investments			
<i>Associated companies - Un-quoted</i>			
Masood Spinning Mills Limited	7.1	380,818,781	337,850,111
Roomi Fabrics Limited	7.2	757,529,678	721,830,302
Orient Power Company (Private) Limited	7.3	2,794,590,289	2,729,013,627
<i>Others - amortized cost</i>			
Habib Bank Limited - TFCs		200,000,000	100,000,000
		4,132,938,748	3,888,694,040



	<i>Un-audited</i> <i>December 31,</i> <i>2019</i> <i>Rupees</i>	<i>Audited</i> <i>June 30,</i> <i>2019</i> <i>Rupees</i>
7.1 Masood Spinning Mills Limited		
4,000,000 (June 30, 2019: 4,000,000)		
Ordinary shares of Rs. 10 each - cost	40,000,000	40,000,000
Equity held: 13.32% (June 30, 2019: 13.30%)		
Post acquisition profits brought forward	297,850,111	258,297,043
	337,850,111	298,297,043
Share of profit for the period / year	7,508,152	9,456,596
Share of other comprehensive income for the period / year	-	30,096,472
Adjustment based on latest audited financial statements		
- Statement of profit or loss	12,654,653	-
- Statement of other comprehensive income	22,805,865	-
	380,818,781	337,850,111
7.2 Roomi Fabrics Limited		
4,000,000 (June 30, 2019: 4,000,000)		
ordinary shares of Rs. 10 each - cost	40,000,000	40,000,000
Equity held: 18.18% (June 30, 2019: 18.18%)		
Post acquisition profits brought forward	681,830,302	657,346,558
	721,830,302	697,346,558
Share of profit for the period / year	18,942,428	24,483,744
Adjustment based on latest audited financial statements		
- Statement of profit or loss	12,614,762	-
- Statement of other comprehensive income	4,142,185	-
	757,529,678	721,830,302
7.3 Orient Power Company (Pvt.) Limited		
Cost / Fair value of 87,335,969		
(June 30, 2019: 45,842,500) ordinary shares of Rs. 10 each	2,485,343,420	866,423,250
Acquired during the period / year		
Nil (June 30, 2019: 41,493,469) ordinary shares of Rs. 10 each - cost	-	787,793,358
Post acquisition profits brought forward	243,670,207	-
Balance as at period / year ended		
87,335,969 (June 30, 2019: 87,335,969) ordinary shares of Rs. 10 each	2,729,013,627	1,654,216,608
Excess income over cost of investment	-	831,126,812
Share of profit for the period / year	281,339,619	374,674,162
Adjustment based on latest audited financial statements		
- Statement of profit or loss	(41,091,017)	-
Dividend received	(174,671,940)	(131,003,955)
	2,794,590,289	2,729,013,627

7.4 Carrying values of investments in Associated Companies as at December 31, 2019 have been accounted for using the equity method as required by IAS 28 (Investments in Associates and Joint Ventures) on the basis of draft financial statements of these Associated companies for the period ended December 31, 2019, however, due to non-availability of financial statements for the period ended December 31, 2018 impact of restatement of prior period figures is impracticable to determine.

	<i>Un-audited</i> <i>December 31,</i> <i>2019</i> <i>Rupees</i>	<i>Audited</i> <i>June 30,</i> <i>2019</i> <i>Rupees</i>
8. Stock-in-Trade		
Raw materials including in-transit inventory valuing Rs. 1,925.679 million (June 30, 2019: Rs. 657.148 million)	5,752,187,610	6,625,648,828
Work-in-process	203,682,583	179,399,733
Finished goods	1,010,113,940	788,449,202
	6,965,984,133	7,593,497,763

9. Trade debts

This includes Rs. 221.750 million (June 30, 2019: Rs. Nil) receivable from Associated Companies.

No loss allowance for trade debts has been recognized since there are no lifetime expected credit losses (ECL).

10. Loans and Advances

Period-end balance includes advances made to suppliers & contractors aggregating Rs. 224.347 million (June 30, 2019: 147.073 million), advance for purchase of property Rs. Nil (June 30, 2019: 274.096 million) and advances for purchases to Associated Companies aggregating Rs. 159.724 million (June 30, 2019: Rs. Nil).

	<i>Un-audited</i> <i>December 31,</i> <i>2019</i> <i>Rupees</i>	<i>Audited</i> <i>June 30,</i> <i>2019</i> <i>Rupees</i>
11. Short Term Investments - Quoted <i>(at fair value through profit and loss)</i>		
Soneri Bank Limited (SNBL) Nil (June 30, 2019: 11,886,000) shares of Rs. 10 each	-	153,884,060
Lalpir Power Limited (LPL) 20,615,500 (June 30, 2019: 38,485,500) shares of Rs. 10 each	268,001,500	755,709,806
Arif Habib Corporation Limited (AHCL) 9,586,385 (June 30, 2019: 13,705,000) shares of Rs. 10 each	236,879,573	474,449,857
Jahangir Siddiqui & Company Limited (JSCL) 23,191,500 (June 30, 2019: 37,857,000) shares of Rs. 10 each	246,984,989	656,009,504
	751,866,062	2,040,053,227
Adjustment on re-measurement to fair value	133,623,636	(669,646,937)
	885,489,698	1,370,406,290

11.1 Nil (June 30, 2019: 11.500 million) shares of SNBL, 19 million (June 30, 2019: 38.300 million) shares of LPL, 9.53 million (June 30, 2019: 13.630 million) shares of AHCL, 4.699 million (June 30, 2019: 37.819 million) shares of JSCL, are pledged with various commercial banks as securities for short term finance facilities utilized.

12. Share Capital

During the period the Company has issued 25% bonus shares in the ratio of 25 bonus share for every 100 shares held by the shareholders as approved by the members in the Annual General Meeting of the Company held on October 30, 2019. The effect of this adjustment has been accounted for in these condensed interim financial statements.

13. Long Term Financing - Secured

From Banking Companies

	<i>Un-audited</i> December 31, 2019 Rupees	<i>Audited</i> June 30, 2019 Rupees
Habib Bank Limited (HBL)	1,574,199,403	1,578,924,336
MCB Bank Limited (MCB)	360,949,820	419,632,702
Meezan Bank Limited (MBL)	124,061,327	159,090,834
United Bank Limited (UBL)	421,642,429	441,308,302
Allied Bank Limited (ABL)	582,733,416	584,860,184
Bank Al-Habib Limited (BAH)	510,000,000	510,000,000
The Bank of Punjab (BOP)	-	90,000,000
National Bank of Pakistan (NBP)	1,959,400,000	-
	<u>5,532,986,395</u>	<u>3,783,816,358</u>

Less: current portion grouped under current liabilities:

- HBL	172,887,702	169,054,373
- MCB	49,030,128	82,713,605
- MBL	60,349,723	65,204,284
- UBL	74,697,510	58,420,872
- ABL	72,841,666	38,547,601
- BAH	31,875,000	-
- BOP	-	20,000,000
	<u>461,681,729</u>	<u>433,940,735</u>

5,071,304,666	3,349,875,623
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14. Trade and Other Payables

Creditors	406,936,497	222,251,690
Bills payable - secured	1,542,367,284	195,302,894
Due to an associated undertaking	-	48,736,920
Accrued expenses	689,403,536	729,859,338
Contract liabilities - advances from customers	44,539,723	71,811,670
Advance against sale of property	-	118,668,000
Tax deducted at source	9,184,529	4,004,615
Workers' welfare fund	-	39,155,252
Others	11,287,340	11,853,124
	<u>2,703,718,909</u>	<u>1,441,643,503</u>

15. Short Term Borrowings

Short term finance facilities available from various commercial banks under markup arrangements aggregate Rs. 22,990 million (June 30, 2019: Rs. 22,100 million). These finance facilities, during the period, carried markup at the rates ranging from 13.37% to 15.56% (June 30, 2019: 7.01% to 13.80%) 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 August 31, 2021.

Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs. 7,889.2 million (June 30, 2019: Rs. 6,389.2 million). Out of the available facilities, facilities aggregating Rs. 5,095.5 million (June 30, 2019: Rs. 6,213 million) remained unutilized at the period-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 August 31, 2021.

16. Contingencies and Commitments

- 16.1** 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, 2019.
- 16.2** Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs. 707.9 million as at December 31, 2019 (June 30, 2019: Rs. 673.6 million).
- 16.3** Foreign and local bills discounted outstanding as at December 31, 2019 aggregated Rs. 1,284.7 million (June 30, 2019: Rs. 2,964.2 million) and Rs. 43.7 million (June 30, 2019: Rs. 17.3 million) respectively.

16.4 Commitments for irrevocable letters of credit:

- capital expenditure
- others

	<i>Un-audited</i> December 31, 2019	<i>Audited</i> June 30, 2019
	Rupees in million	
	5,432	120,093
	2,080,397	68,484
	2,085,829	188,577

Un-audited Half-year ended

	<i>Un-audited</i> December 31, 2019 Rupees	<i>Audited</i> December 31, 2018 Rupees
	1,523,041,116	1,222,544,440
	1,016,633,516	481,894,909
	393,927,909	310,517,292
	8,844,142	33,368
	932,389,503	144,886,426
	3,874,836,186	2,159,876,435
	7,902,279,725	6,638,687,727
	3,100,053,912	2,529,948,273
	108,430,866	39,363,081
	11,110,764,503	9,207,999,081
	14,985,600,689	11,367,875,516
	(1,341,041,555)	(1,169,398)
	13,644,559,134	11,366,706,118

17. Sales - net

Local

- yarn
- cloth
- waste
- doubling / sizing income
- cotton

Export

- yarn
- cloth
- waste

Sales tax

18. Other Income

Income from financial assets

- Realized gain on sale of short term investments at fair value through profit or loss
- Gain on disposal of operating fixed assets - net
- Unrealized Gain on re-measurement of short term investments at fair value through profit or loss
- Dividend received on short term investments
- Markup income on Term Finance Certificates
- Exchange fluctuation gain - net

Income from related parties

- Dividend received

Income from non-financial assets

- Duty drawback on export sale

	65,302,540	-
	484,765	-
	133,623,636	-
	-	27,410,000
	11,540,521	-
	3,869,046	11,391,006
	-	131,003,955
	19,198,498	-
	234,019,006	169,804,961

19. Finance Cost

Markup on:

- long term financing
- short term borrowings

Bank charges and commission

<i>Un-audited</i>	
<i>Half-year ended</i>	
<i>December 31,</i> <i>2019</i> <i>Rupees</i>	<i>December 31,</i> <i>2018</i> <i>Rupees</i>
130,126,248	61,992,673
576,142,336	467,342,310
109,396,844	63,376,169
815,665,428	592,711,152

20. Segment Information

Based on internal management reporting structure and products being produced and sold, the Company has been organized into three operating segments i.e. spinning, weaving and power. Assets and liabilities of Power segment are merged in Spinning segment because it does not meet the criteria of operating segment any more as defined under IFRS-8 Operating Segments. The electricity generated by the Power segment is self consumed by the Company and no external sales were made to MEPCO.

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

Segment Analysis

	<i>Spinning</i>	<i>Weaving</i>	<i>Total</i>
	<i>Rupees</i>		
Half-year ended December 31, 2019			
Revenue	9,963,746,429	3,680,812,705	13,644,559,134
Segment results	468,037,913	109,179,315	577,217,228
Half-year ended December 31, 2018			
Revenue	8,336,487,166	3,030,218,952	11,366,706,118
Segment results	811,787,137	94,660,342	906,447,479

Reconciliation of segment results with profit before taxation:

	<i>Un-audited</i>	
	<i>Half-year ended</i>	
	<i>December 31,</i> <i>2019</i> <i>Rupees</i>	<i>December 31,</i> <i>2018</i> <i>Rupees</i>
Total results for reportable segments	577,217,228	906,447,479
Other expenses	(5,082,968)	(258,159,348)
Other income	234,019,006	169,804,961
Finance cost	(815,665,428)	(592,711,152)
Profit from Associates	291,968,598	-
Profit before taxation	282,456,436	225,381,940

Information on assets and liabilities by segment is as follows:

	<i>Spinning</i>	<i>Weaving</i>	<i>Total</i>
	<i>Rupees</i>		
As at December 31, 2019			
Segment assets	20,021,323,701	4,677,483,228	24,698,806,929
Segment liabilities	16,081,756,986	1,154,034,893	17,235,791,879
As at June 30, 2019			
Segment assets	14,710,685,070	4,711,689,739	19,422,374,809
Segment liabilities	14,627,226,968	1,251,730,027	15,878,956,995

Reconciliation of segments assets and liabilities with totals in statement of financial position is as follows:

	As at December 31, 2019		As at June 30, 2019	
	Assets	Liabilities	Assets	Liabilities
	----- Rupees -----			
Total for reportable segments	24,698,806,929	17,235,791,879	19,422,374,809	15,878,956,995
Unallocated assets / liabilities	1,683,524,833	334,526,200	5,843,870,753	822,780,688
Total as per statement of financial position	26,382,331,762	17,570,318,079	25,266,245,562	16,701,737,683

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.

21. Transactions with Related Parties

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

Relationship	Nature of transactions	Un-audited Half-year ended	
		December 31, 2019 Rupees	December 31, 2018 Rupees
Associated Companies	- sale of goods	916,042,882	675,222,808
	- purchase of goods	714,282,975	1,239,397,711
	- doubling charges	4,227,818	2,807,169
	- doubling revenue	4,156,677	33,368
	- sale of plots	71,433,856	-
Key management personnel	- remuneration and other benefits	25,335,792	21,208,943

	Un-audited	Audited
	December 31, 2019 Rupees	June 30, 2019 Rupees
21.2 Period / year-end balances		
Trade and other payables	-	48,736,920
Trade debts	221,749,734	-
Loans and advances	159,724,149	-

21.3 Transactions with related parties have been carried at agreed terms.

22. Fair Value Measurements

The Company measures fair value using valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	December 31, 2019			June 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
Property, plant and equipment	-	3,734,257,523	-	-	3,838,926,000	-
Short term investments	885,489,698	-	-	1,370,406,290	-	-

23. Date of Authorization for Issue

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on February 28, 2020.

24. Corresponding Figures

24.1 In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

24.2 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 these condensed interim financial statements.

sd/-
Kh. Muhammad Ilyas
 Chairman

sd/-
Kh. Muhammad Iqbal
 Chief Executive Officer

sd/-
Kh. Muhammad Younus
 Director

sd/-
Muhammad Amin Pal
 Chief financial Officer



Mahmood Textile Mills Limited

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