MAQBOOL

MAQBOOL TEXTILE MILLS LIMITED

24th Annual Report

&

Financial Statements (Audited)

For the year ended June 30, 2013

CONTENTS

MISSION STATEMENT

The mission of Maqbool Textile Mills Limited is to contribute positively to the Socio-Economic growth of Pakistan through business and industrial pursuits endeavoring to achieve excellence in all spheres of such activity with effective and efficient management.

VISION STATEMENT

Maqbool Textile Mills Limited become a truly Professional Organization, achieve higher quality standards, utilize maximum capacity, capture expansion opportunities and become a least cost operator amongst its competitors.

We will strive to continue as a successful Company, make profit and thus create value for our shareholders without high risk to them, our Customers or employees.

QUALITY AND ENVIRONMENTAL POLICY

Our aim is to achieve the leadership of textile and spinning industry through quality products according to customer satisfaction. We thrive to achieve the above through the following measures:

1) Acquisition of quality raw material.
2) Manufacturing of high quality yarn as per customer satisfaction.
3) Continuous training and guidance to employees regarding quality and environment.
4) Continuous improvement, close watch and control in production process and environment.
5) Follow up of the system, regarding international quality and environmental laws.
6) Control of pollution discharge from industrial process.

COMPANY PROFILE

BOARD OF DIRECTORS	Mian Tanvir Ahmad Sheikh - Chairman / Chief Executive Officer Mrs. Romana Tanvir Sheikh Mian Anis Ahmad Sheikh Mrs. Rameen Anis Sheikh Mian Idrees Ahmad Sheikh Mian Aziz Ahmad Sheikh Mian Atta Shafi Tanvir Sheikh Syed Raza Abbas Jaffari - (Rep. NIT)
AUDIT COMMITTEE	Mian Idrees Ahmad Sheikh - Chairman Mian Aziz Ahmad Sheikh - Member Mrs. Romana Tanvir Sheikh - Member
HR & REMUNERATION COMMITTEE	Mian Idrees Ahmad Sheikh - Chairman Mian Tanvir Ahmad Sheikh - Member Mian Aziz Ahmad Sheikh - Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Muhammad Ehsanullah Khan
AUDITORS	M/s. M. Yousuf Adil Saleem & Co Chartered Accountants, Abdali Tower, Abdali Road, Multan.
LEGAL ADVISOR	Sheikh Muhammad Farooq - Advocate 5-Nusrat Road, Multan Cantt.
BANKERS	Habib Bank Limited Bank Al-Habib Limited Allied Bank Limited Habib Metropolitan Bank Limited United Bank Limited Faysal Bank Limited
REGISTERED OFFICE	24/3, Tufail Road, Multan Cantt.
MILLS (Unit I-II & Ginning Unit)	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.
MILLS (Unit III)	Rajana Road, Pirmahal, Distt. Toba Tek singh.
HEAD OFFICE	2-Industrial Estate, Multan.
SHARES REGISTRARS	M/s Hameed Majeed Associates (Pvt.) Ltd. H.M House, 7-Bank Square, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the Shareholders of Maqbool Textile Mills Limited will be held on Thursday the 31st Day of October, 2013 at 10:30 A.M at its Head Office, 2-Industrial Estate, Multan to transact the following business:

ORDINARY BUSINESS :

1. To confirm the minutes of the 23rd Annual General Meeting of the Company held on Wednesday the 31st Day of October, 2012.

2. To receive, consider and approve the Audited Financial Statements of the Company together with Directors' and Auditors' Report thereon for the Year Ended 30th June, 2013

3. To approve the recommendation of the Board of Directors of the Company for payment of 27.50 % (Rs.2.75 per share) Final Cash Dividend out of profit for the Year Ended 30th June, 2013.

4. To appoint Auditors of the Company for the Year 2013-14 till next Annual General Meeting of the Company and to fix their remuneration. The present Auditors Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, with or without modification, to pass the following resolution as special resolution:

RESOLUTION

"**RESOLVED** that the consent and approval be and is hereby accorded to dispose of the surplus land of Company measuring 58 Kanal 14 Marlas lying outside the boundary wall of its Unit III situated at Pir Mahal Rajana Road, Dist. Toba Tek Singh.

FURTHER RESOLVED that for the above purpose, Mian Tanvir Ahmad Sheikh, Chief Executive Officer of the Company, be and is hereby authorized singly to finalize the above deal and to sign, execute, take and do / or cause to be taken, act matter, or done any / all necessary action, deeds and things which are necessary for giving effect to the aforesaid resolution".

6. To consider and if thought fit, with or without modification, approve the increase in remuneration package of Mian Atta Shafi Tanvir Sheikh, full time Working Director of the Company, in terms of Section 191 & 200 of the Companies Ordinance, 1984 and Clause 90 and 102 of the Memorandum & Articles of Association of the Company and to pass the following Resolutions as Special Resolutions

RESOLUTION

"***RESOLVED*** that remuneration package of Mian Atta Shafi Tanvir Sheikh, Director Operations of the Company, be and is hereby revised with increase of a sum of Rs. 50,000 (Rupees Fifty Thousand Only) per month to the total of Rs. 150,000 (Rupees One Hundred & Fifty Thousand Only) per month applicable with effect from 1st November 2013. All other terms of appointment will remain the same"

OTHER BUSINESS

7. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD OF DIRECTORS
Sd/-
(Muhammad Ehsanullah Khan)
Company Secretary

Multan: 04.10.2013

NOTES:

I. The Share Transfer Book of the Company will remain closed from 25.10.2013 to 31.10.2013 (both dates inclusive)

II. Shares transfer received at the Company's' Registrars office, M/s Hameed Majeed Associates (Pvt.) Ltd. H.M House, 7- Bank Square, Lahore by the close of business on 24th October 2013 will be treated in time

III. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend, speak and vote instead of him/her. A proxy must be a member. Proxies in order to be valid must be received at the Registered/Head Office of the Company not less than 48 hours before the time of meeting.

IV. Any individual Beneficial Owners of CDC, entitled to attend and vote at this meeting must bring his/her NIC 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.

V. Members are requested to notify immediately any change in their address.

VI. Members who have not yet submitted attested photocopy of their computerized National Identity Cards (CNIC) to the Company are requested to send the same at the earliest.

STATEMENT UNDER SECTION 160 OF COMPANIES ORDINANCE, 1984 :

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on Thursday 31st October 2013.

SPECIAL BUSINESS DISPOSAL OF SURPLUS LAND OF THE COMPANY OUTSIDE THE BOUNDARY WALL OF UNIT NO. III, PIR MAHAL RAJANA ROAD, DIST. TOBA TEK SINGH.

Company owns land measuring 58 Kanal & 14 Marlas lying outside the boundary wall of its Unit No. III which is not in use of manufacturing activities and needs to be disposed of.

The Company has carried out the necessary due diligence with respect to disposal of subject land.

SPECIAL BUSINESS - REVISION OF REMUNERATION PACKAGE OF DIRECTOR OPERATIONS OF THE COMPANY

The term of Board & Chief Executive Officer commenced from 01.04.2012. However, due to the inflation factors, the remuneration packages of full time director operation of the Company is proposed to be revised and approved in the forthcoming General Meeting of Company. Therefore, the directors of the Company have moved the Special Resolution for the approval from the members of the Company.

The director operations is interested in passing of the above resolution to the extent of his remuneration package.

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders,

Your directors are pleased to present the 24th Annual Report on the affairs of your Company along with the Audited Financial Statements for the year ended June 30, 2013.

By the grace of Almighty Allah, the performance of your Company during the year under report has been excellent and the most profitable of its history. The total sales for the year were Rs. 4.554 Billion for three spinning units & one ginning unit. The Gross Profit was Rs. 493.376 Million and netted at Rs. 173.556 Million after providing for Taxation and Financial Charges.

Yours directors are further pleased to report that during the year transaction to acquire the fixed assets (land, building & machinery) of M/s Accord Textiles Ltd. (ATL) has been completed. The title of the land of ATL of 125 Kannal & 10 Marlas has also been transferred in the name of Company subsequent to the balance sheet date. Yours Company also purchased the additional land measuring 107 Kannal & 13 Marlas adjacent to the mills land for its future expansion plans.

SUMMARIZED FINANCIAL RESULTS

	2013 ***Rupees***	***2012*** ***Rupees***
Sales	4,554,284,139	3,421,881,369
Cost of goods sold	(4,060,907,603)	(3,073,768,037)
Gross profit	**493,376,536**	**348,113,332**
Other operating income	19,307,750	16,685,515
	512,684,286	364,798,847
Distribution cost	(79,285,326,)	(50,135,767)
Administrative expenses	(89,032,939)	(58,518,396)
Other operating expenses	(18,876,004)	(21,137,040)
	(187,194,269)	(129,791,203)
Finance cost	(89,119,915)	(68,238,889)
Profit before taxation	236,370,102	166,768,755
Taxation	(62,813,512)	(40,497,836)
Net Profit for the year	**173,556,590**	**126,270,919**
Earnings per share	***10.33***	***7.52***

The salient features of the operations of the Company during the year are summarized below:

- In line with Company's policy of continuous BMR, during the year, Installation of 4 Sets of Muratec (Q-Pro) Automatic Winding Machines at the capital cost of Rs. 82.160 Million at Unit I was completed & started production of quality yarn. The replaced 5 Sets of 7-2 Mach Coner Winding Machines were installed at Unit III to enhance the capacity of production & quality of yarn.
- Your Company during the year has also purchased & installed another 7 Sets of Imported Ring Spinning Frames (Howa Brand) comprising 4,704 spindles at the cost of Rs. 20.227 Million at its Unit III & now the total spindles installed / working at Unit III are 23,904.
- Re-structuring of building of Ring Section of Unit III for new installation of 7 Ring Spinning Frames at a Capital Cost Of. 1.200 Million has been completed.
- Your Company has also incurred a Capital Cost of Rs. 15.850 Million at its Unit III for various balancing, replacements of machinery.

- Construction of 4 godowns for cotton having Storage Capacity of 10,000 Cotton Bales at Unit III at estimated Capital Cost of Rs. 10.300 Million is in progress.
- Construction of godown for yarn storage at unit III at estimated Capital Cost of Rs. 7.700 Million is in progress.
- During the year your Company has also incurred a total capital of Rs. 113.365 Million at Unit I & Rs. 15.067 Million at Unit II which includes installation of 4- sets of Muratec (Q-Pro) Automatic Cone Winders at Unit I.
- Demand Finance of Rs. 40 Million & LTFF / EOP Finance of Rs. 40 Million (Total 80 Million) was approved by HBL for import of 4 sets of 21-C (Q-Pro) Automatic Cone Winders.
- Prompt re-payment of Term Loan of ABL for Rs. 15 Million (Quarterly installment of Rs. 3.750 M each) during the year leaving outstanding of Rs. 26.250 Million as the year ended 30.06.2013.
- During the year the directors of the Company further provided Rs. 15.225 Million as interest free loan to the Company. Now the total amount of interest free loan as at 30.06.2013 is Rs. 88.166 Million.

OPERATIONS OF GINNING UNIT

The operations of Ginning Unit of MTM comprising of 10 sawgin machines have been satisfactory. During the season unit produced 16,913 bales (2012: 14,659 bales) of quality cotton at the competitive cost .The cotton bales produced by our own ginning unit were of contamination free high quality standard lead to produce the fine quality yar

FUTURE BMR PLANS

In line with Company's Policy of continuous BMR, following Import LC's of machinery have been established by the Company.

3 Sets of Reiter Drawn Frames (Unit I)	Euro 246,000 (ShipmentDecember 2013)
2 Sets of Truetzschler Foreign Parts Sep. (Unit I)	Euro 130,000 (Shipment December2013)
1 Set of JYFL-III Waste Coll. Machine (Unit III)	USD 27,600 (Shipment October 2013)
4,000 Pcs of Saurer Texpart Spindles (Unit III)	Euro 54,730 (Shipment January 2014)

Bank Al-Habib Ltd. has approved the term finance of Rs. 55 Million for retirement of import documents of above mentioned 3 Sets of Reiter draw frames & 2 sets of foreign parts separators.

All the above machinery is expected to arrive & be installed at the respective units by January 2014.

EXPORTS

The Company made total exports of yarn valuing **Rs.1,756.371 Million** during the year under report as compared to the Exports valuing **Rs. 1,805.432 Million** in the previous year. The decrease of 2.72% in export sales during the year was due to non availability of competitive yarn prices in the international marke.

DIVIDEND

To share the profit of the company with the shareholders, your directors propose distribution of a final Cash Dividend @ 27.50.% (Rs 2.75 per share) to the shareholders of the company out of the profit earned for the year ending 30.6.2013.

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

The Company has successfully maintained its ISO 9001:2008 certification for Quality Management System and the ISO 14001:2004 certification for Environmental Management System.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

We are pleased to report that the Company is complying with the requirements of the Code of Corporate Governance as introduced by the Securities and Exchange Commission of Pakistan. The various statements, as required by the code, are appended with the Report.

RECOVERY OF BALANCE FIRE LOSS OCCURRED IN 2000:

The Winding up Petitions filed in the Lahore High Court and the Recovery Suit filed in the Civil Court, Lahore against Pakistan General Insurance Company Ltd., are still pending adjudication in the respective Honourable Courts. The amount recovered if any from the PGI shall be incorporated in the accounts as and when received.

BOARD MEETINGS:

During the year ended on 30-06-2013 four (4) meetings of the Board of Directors were held. Attendance by each Director is given below:

Director's Name	Meetings Attended
Mian Tanvir Ahmad Sheikh	4
Mrs. Romana Tanvir Sheikh	4
Mian Anis Ahmad Sheikh	4
Mrs. Rameen Anis Sheikh	4
Mian Idrees Ahmad Sheikh	4
Mian Aziz Ahmad Sheikh	4
Mian Atta Shafi Tanvir Sheikh	4
Syed Raza Abbas Jaffery (Rep.) NIT	3

Leave of absence was granted to Director who could not attend the meetings.

AUDITORS

Your Company's Auditors M/s M.Yousuf Adil Saleem & Co., Chartered Accountants, Multan, retired and being eligible offer themselves for re-appointment for the next year.

PATTERN OF SHAREHOLDING

Pattern of holding of the shares by the Shareholders of the Company as at the closed period of 04-10-2011 as required under Section 236 (2) (d) of the companies Ordinance, 1984 is enclosed.

RELATIONS WITH LABOUR AND STAFF

Your Directors are happy to report that relations with labor and staff of the Company remained cordial throughout the year.

ACKNOWLEDGMENT

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from its banks namely as under.

- M/s Habib Bank Ltd.,
- M/s Bank Al-Habib Ltd.,
- M/s United Bank Ltd.,
- M/s Allied Bank Ltd.,
- M/s Faysal Bank Ltd.,
- M/s Habib Metropolitan Bank Ltd.

We wish to record our sincere appreciation to the management of above banks and hope that they will continue their support to us in future as usual. The dedicated hard work of all employees of the Company is also acknowledged.

On behalf of the Board of Directors

Sd/-
MIAN TANVIR AHMAD SHEIKH
CHAIRMAN

MULTAN:
Dated: 04-10-2013

SIX YEARS KEY OPERATING AND FINANCIAL DATA

	June 30, 2013	*June 30, 2012*	*June 30, 2011*	*June 30, 2010 Restated*	*June 30, 2009*	*June 30, 2008 Restated*
BALANCE SHEET						
Authorized Capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed & Paid Up Capital	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	84,000,000
Reserves	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000	42,000,000
Un-appropriated Profit/(Loss)	327,712,860	191,956,271	107,685,352	40,367,698	(48,611,200)	(31,698,150)
Total Equity	537,712,860	401,956,271	317,685,352	250,367,698	161,388,800	178,301,850
Surplus on revaluation of Property, plant and equipment	150,268,385	150,268,385	150,268,385	150,268,385	150,268,385	–
Liabilities						
Deferred/Long term	368,728,999	159,182,792	177,941,865	162,755,067	136,862,996	24,382,828
Short Term Liabilities	1,098,724,635	773,247,472	536,429,766	451,754,360	888,732,517	788,090,084
Total Liabilities	1,467,453,634	932,430,264	714,371,631	614,509,427	1,025,595,513	992,843,179
Total Equity & Liabilities	2,155,434,879	1,484,654,920	1,182,325,368	1,015,145,510	1,337,252,698	1,171,145,029
Fixed Assets						
Owned	951,646,443	651,186,126	669,489,745	692,329,191	718,606,318	593,974,372
Long Term Deposits	5,654,639	5,654,639	5,654,639	4,499,639	3,557,739	3,466,739
Current Assets	1,198,122,497	827,814,155	506,891,738	318,316,680	614,220,555	572,835,484
Total Assets	2,155,434,879	1,484,654,920	1,182,325,368	1,015,145,510	1,337,252,698	1,171,145,029
PROFIT & LOSS ACCOUNT						
Turnover (net)	4,554,284,139	3,421,881,369	3,970,775,521	2,183,978,491	1,807,314,027	1,767,354,296
Gross Profit	493,376,536	348,113,332	383,243,744	293,408,224	171,311,423	94,774,763
Operating Profit/(Loss)	217,062,351	150,083,240	178,731,116	112,464,370	(24,463,965)	47,241,479
Profit/(Loss) before taxation	236,370,101	166,768,755	179,152,669	118,489,601	(16,272,093)	(25,598,802)
Taxation	62,813,512	40,497,836	74,035,015	29,510,702	640,957	8,836,771
Profit/(Loss) for the Year	173,556,589	126,270,919	105,117,654	88,978,899	(16,913,050)	(34,435,573)
DISTRIBUTION						
Cash Dividend %	27.50%	22.50%	25%	22.50%	NIL	NIL
RATIOS						
Break up vlaue (Rs)	32.01	23.92	18.90	14.90	9.60	10.61
Earning per share (Rs.)	10.33	7.52	6.26	5.30	(1.01)	(2.05)
Return on Equity (Rs)	0.32	0.31	0.33	0.36	(0.054)	(0.19)
Current Ratio	1.09:1	1.07:1	0.95:1	0.70:1	0.69:1	0.73:1
Debt / Equity Ratio without surplus	0.54	0.39	0.56	0.65	0.84	16:84
Debt / Equity Ratio with surplus	0.69	0.288	0.381	0.406	0.439	–
CAPACITY AND PRODUCTION						
Total No. of Spindles Installed	70,104	46,200	46,200	46,200	44,472	44,472
Unit # 1	18,336	18,336	18,336	18,336	18,672	18,672
Installed Capacity of Yarn- 20/S Count (Kgs)	6,389,193	5,937,060	6,337,609	6,202,118	5,975,052	5,701,816
Production of Yarn- 20/S Count (Kgs)	4,443,856	5,389,139	5,690,234	4,816,825	5,138,171	5,593,893
Unit # 2	27,864	27,864	27,864	27,864	25,800	25,800
Standard production of Yarn 40's PC (Kgs) (2009: 30's PC)	4,784,702	4,721,968	4,668,360	3,975,305	6,372,218	6,061,406
Actual production of Yarn 40's PC (Kgs) (2009: 30's PC)	3,706,671	4,302,034	4,480,780	3,730,163	5,487,830	5,996,648
Unit # 3	23,904	-	-	-	-	-
Installed Capacity of Yarn- 20/S Count (Kgs)	5,290,445	-	-	-	-	-
Production of Yarn- 20/S Count (Kgs)	4,316,860	-	-	-	-	-

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Year Ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 (Chapter XI) of the Karachi, Lahore and Islamabad Stock Exchanges 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:

Name	Category
Mian Tanvir Ahmad Sheikh	Executive Director (Chairman/ Chief Executive)
Mrs. Romana Tanvir Sheikh	Non-Executive Director
Mian Anis Ahmad Sheikh	Executive Director
Mrs.Rameen Anis Sheikh	Non-Executive Director
Mian Idrees Ahmad Sheikh	Non-Executive Director
Mian Aziz Ahmad Sheikh	Non-Executive Director
Mian Atta Shafi Tanvir Sheikh	Executive Director
Syed Raza Abbas Jaffery - Rep. NIT	Non-Executive Director

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 member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the board of directors during the year.
5. The Company has prepared a "Code of conduct" and 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. All related party transactions have been reviewed and approved by the Board and are carried out on normal /agreed terms and conditions.
9. 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.
10. The Directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.

11. During the year board arranged Directors' Training Program approved By SECP under Code of Corporate Governance 2012 for one of Company`s Director naming Mr. Atta Shafi Tanvir Sheikh to get certification under Director training program organized by the Executive Development Center (EDC) of the University of Lahore, one of the approved Institutions of SECP to offer Directors' Training Program in Pakistan.

12. The Board has approved appointment, remuneration, terms and conditions of the employment of the Head of Internal Audit including remuneration as determined by the Chief Executive Officer. There was no new appointment of Chief Financial Officer (CFO) and Company Secretary during the year.

13. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

14. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

15. 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.

16. The Company has complied with all the corporate and financial reporting requirements of the CCG.

17. The board has formed an Audit Committee. It comprises of three members, all of them non-executive directors including the chairman of the committee. The chairman of the committee is not an independent director & will be changed on next election date to bring the composition of audit committee in line with the requirement of CCG 2012.

18. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

19. The board has formed an HR and Remuneration Committee comprising of three members of whom two are non-executive directors & the chairman of the committee is non-executive director as following.

Mian Idrees Ahmad Sheikh	Chairman
Mian Tanvir Ahmad Sheikh	Member
Mian Aziz Ahmad Sheikh	Member

20. The Board has set up an effective Internal Audit function who are considered suitably qualified & experienced for the purpose & conversant with the policies & procedure of the Company & they are involved in the internal audit function on full time basis.

21. 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.

22. 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.

23. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

24. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

25. We confirm that all other material principles enshrined in the Code have been complied with except Clause I (b), V (e), VI, XXIV of the CCG 2012, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year & till next election date to bring the compliance in line with the requirement of CCG 2012.

For and on behalf of the Board

Sd/-

Multan: October 4, 2013

MIAN TANVIR AHMAD SHEIKH
CHIEF EXECUTIVE OFFICER

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Maqbool Textile Mills Limited** (the Company), for the year ended June 30, 2013 to comply with the relevant Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report, if it does not. 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 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's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

Further, Listing Regulation 35 (x) requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail at arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants.

Engagement Partner:
Talat Javed

Dated:04.10.2013
Multan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MAQBOOL TEXTILE MILLS LIMITED** (the Company) as at June 30, 2013 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 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion;

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the 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 parts thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

M. YOUSUF ADIL SALEEM & CO.

Chartered Accountants

Engagement Partner:

Talat Javed

Place: Multan

Date: 04.10.2013

BALANCE SHEET AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	3	951,846,443	651,186,126
Long term deposits		5,665,939	5,654,639
		957,312,382	656,840,765
CURRENT ASSETS			
Stores and spares	4	30,993,643	22,060,382
Stock in trade	5	505,197,685	375,461,644
Trade debts	6	603,948,996	341,212,574
Loans and advances	7	12,749,151	26,061,062
Trade deposits and prepayments	8	381,409	350,409
Tax refunds due from government	9	12,349,120	15,126,174
Advance tax		26,164,007	31,319,980
Other receivable		-	213,840
Current portion of long term investment	10	-	289,246
Cash and bank balances	11	6,338,486	15,718,844
		1,198,122,497	827,814,155
Total Assets		2,155,434,879	1,484,654,920
EQUITY AND LIABILITIES			
Share capital and reserves			
Share Capital	12	168,000,000	168,000,000
General reserve		42,000,000	42,000,000
Unappropriated profit		327,712,860	191,956,271
		537,712,860	401,956,271
Surplus on revaluation of property, plant and equipment	13	150,268,385	150,268,385
Non-current liabilities			
Long-term financing	14	204,584,300	26,250,000
Long term loans from related parties	15	88,166,064	72,941,064
Deferred liabilities	16	75,978,635	59,991,728
		368,728,999	159,182,792
Current liabilities			
Trade and other payables	17	361,247,082	278,008,132
Accrued markup	18	22,910,167	17,323,529
Short term borrowings	19	592,659,806	411,933,284
Current portion of long term financing	14	61,666,100	15,000,000
Provision for tax		60,241,480	50,982,527
		1,098,724,635	773,247,472
Contingencies and commitments	20	-	-
Total equity and liabilities		2,155,434,879	1,484,654,920

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales	21	4,554,284,139	3,421,881,369
Cost of goods sold	22	(4,060,907,603)	(3,073,768,037)
Gross profit		493,376,536	348,113,332
Other Income	23	19,307,750	16,685,515
		512,684,286	364,798,847
Distribution cost	24	79,285,326	50,135,767
Administrative expenses	25	89,032,940	58,518,396
Other operating expenses	26	18,876,004	21,137,040
		(187,194,270)	(129,791,203)
Finance Cost	27	(89,119,915)	(68,238,889)
Profit before taxation		236,370,101	166,768,755
Taxation	28	(62,813,512)	(40,497,836)
Profit for the year		173,556,589	126,270,919
Other comprehensive income		-	-
Total comprehensive income for the year - net of tax		173,556,589	126,270,919
Earnings per share - basic and diluted	29	10.33	7.52

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	236,370,101	166,768,755
Adjustments for:		
Depreciation	74,293,385	54,690,583
Provision for doubtful debts	–	905,827
Provision for staff retirement benefits - gratuity	14,291,325	7,281,278
Finance cost	89,119,915	68,238,889
	177,704,625	131,116,577
Operating cash flows before working capital changes	414,074,726	297,885,332
(Increase)/ decrease in current assets		
Stores and spares	(8,933,261)	(3,433,044)
Stock-in-trade	(129,736,041)	(174,953,014)
Trade debts	(262,736,422)	(72,187,909)
Loans and advances	13,311,911	(20,700,815)
Trade deposits and prepayments	(31,000)	223,117
Tax refunds due from government	2,777,054	(5,159,702)
Other receivable	213,840	404,321
	(385,133,919)	(275,807,046)
(Decrease) / increase in current liabilities		
Trade and other payables (excluding unclaimed dividend)	82,872,644	36,739,458
Cash generated from operations	111,813,451	58,817,744
Income tax paid	(36,160,884)	(31,319,980)
Gratuity paid	(10,542,120)	(5,830,250)
Finance cost paid	(83,533,277)	(62,913,412)
	(130,236,281)	(100,063,642)
Net cash from operating activities	(18,422,830)	(41,245,898)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(374,969,780)	(36,386,965)
Insurance claim proceeds	216,078	–
Long term deposits	(11,300)	–
Redemption of long term investments	289,246	578,492
Net cash used in investing activities	(374,475,756)	(35,808,473)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt/(Repayment) of long term financing	240,225,400	(13,306,336)
Short term borrowings-net	180,726,522	145,309,453
Dividend paid	(37,433,694)	(39,958,282)
Net cash used in financing activities	383,518,228	92,044,835
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(9,380,358)	14,990,464
Cash and cash equivalents at beginning of the year	15,718,844	728,380
Cash and cash equivalents at end of the year	6,338,486	15,718,844

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share capital	General reserve	Unappropriated profit	Total
	Rupees			
Balance at July 1, 2011	168,000,000	42,000,000	107,685,352	317,685,352
Profit for the year	-	-	126,270,919	126,270,919
Other comprehensive income for the year - net of tax	-	-	-	-
Total comprehensive income	-	-	126,270,919	126,270,919
Dividend for the year ended June 30, 2011 at Rs. 2.5/share	-	-	(42,000,000)	(42,000,000)
Balance at June 30, 2012	168,000,000	42,000,000	191,956,271	401,956,271
Profit for the year	-	-	173,556,589	173,556,589
Other comprehensive income for the year - net of tax	-	-	-	-
Total comprehensive income	-	-	173,556,589	173,556,589
Dividend for the year ended June 30, 2012 at Rs. 2.25/share	-	-	(37,800,000)	(37,800,000)
Balance at June 30, 2013	168,000,000	42,000,000	327,712,860	537,712,860

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. GENERAL INFORMATION

1.1 Maqbool Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's manufacturing facilities are located at District Muzaffar Garh, Pakistan.

On October 01, 2012 the company acquired the fixed assets (Land ,Building and Machinery) of spinning unit from Accord Textiles Limited (ATL) located at Pirmahal-Rajan Road, Distt. T.T. Singh.

1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (the IASB) as notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall prevail.

2.2 Standards, interpretation and amendment adopted during the year

These following standards, amendments and interpretations are only effective for the year ended June 30, 2013. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements- Presentation of items of Other Comprehensive Income	**Effective from accounting period beginning on or after July 01, 2012**

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

2.3 New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures except for amendments in IAS 19.

Amendments to IAS 1 - Presentation of Financial Statements- Presentation of Items of Other Comprehensive Income — **Effective from accounting period beginning on or after July 01, 2012**

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

Amendments to IAS 1 - Presentation of Financial Statements- Clarification of Requirements for Comparative information — **Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment Classification of servicing equipment — **Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 19 - Employee Benefits — **Effective from accounting period beginning on or after January 01, 2013**

The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would not impact the financial statements of the Company as it has no un-recognized actuarial gain / (loss).

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction — **Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities — **Effective from accounting period beginning on or after January 01, 2014**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities — **Effective from accounting period beginning on or after January 01, 2013**

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities — **Effective from accounting period beginning on or after January 01, 2013**

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine — **Effective from accounting period beginning on or after January 01, 2013**

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement
- IAS 27 (Revised 2011) Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

2.4 Basis of preparation

These financial statements have been prepared under historical cost convention except indicated in note 2.6.1, 2.6.2 and 2.6.4.

2.5 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

In preparing these financial statements, the significant judgment made by the management in applying accounting policies include:

- useful lives of property, plant and equipment (notes 2.6.4 and 3.1)
- provision for staff retirement benefits (notes 2.6.1 and 16.2)
- provision for taxation (notes 2.6.3 and 28)

2.6 The principal accounting policies adopted are set out below.

2.6.1 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all its eligible employees who have completed the minimum qualifying period of service as defined under the respective scheme. The charge for the year is based on actuarial valuation using "Projected Unit Credit Method".

The amount recognised in the balance sheet represents the present value of defined benefit obligation adjusted for unrecognised actuarial gains and losses.

Net cumulative unrecognised actuarial gains and losses at the end of previous year which exceeds 10% of present value of defined benefit obligation are recognized as income or expense over the average expected remaining working lives of the employees.

2.6.2 Foreign currency translation

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the period.

2.6.3 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is recognized using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

2.6.4 *Property, plant and equipment*

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at revalued amount. Capital work-in-progress is stated at cost.

Depreciation on property, plant and equipment, except freehold land and capital work-in-progress, is charged to profit and loss account applying reducing balance method over the estimated useful lives of the assets at the rates shown in note 3.1 to the financial statements. Depreciation on additions is charged from the month the asset is available for use up to month immediately preceding the date of disposal.

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of property, plant and equipment are taken to profit and loss account as and when incurred.

Capital work-in-progress (CWIP) is stated at cost less recognised impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

2.6.5 *Investments*

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.6.6 Stores and spares

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.6.7 Stock in trade

These are valued at lower of cost and net realisable value. Cost is determined as :

Raw material at warehouse	At weighted average cost.
Material in transit	At cost accumulated up to balance sheet date.
Work in process	At average manufacturing cost.
Finished goods	At average manufacturing cost.
Waste	At net realisable value.

Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads. Cost raw material consumed is accounted for by applying the annual average cost of both imported and local purchases.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated cost necessary to be incurred to effect such sale.

2.6.8 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable.

2.6.9 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.

2.6.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business:

- Local sales are recorded when significant risks and reward are transferred which coincides with the delivery of goods to customers.
- Export sales are recorded when the bill of lading is prepared and it is probable that the associated economic.
- Profit from investment is recognized on time apportioned basis using effective rate of interest.

2.6.11 Operating lease

Rental paid under operating lease are charged to profit and loss account on straight line basis over the period of lease.

2.6.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

2.6.13 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimate.

2.6.14 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to profit and loss account directly.

2.6.15 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.6.16 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For amounts due from loans and advances to customers carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

Held to maturity financial investments

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Non - financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except stores and spares and stock in trade may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.6.17 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

2.6.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

2.6.19 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

In preparing these financial statements, the significant judgement made by the management in applying accounting policies include:

- useful lives of property, plant and equipment (notes 2.6.4 and 3.1)
- provision for staff retirement benefits (notes 2.6.1 and 16.2)
- provision for taxation (notes 2.6.3 and 28)

3. PROPERTY, PLANT AND EQUIPMENT

	Notes	2013 Rupees	2012 Rupees
Operating assets	3.1	951,056,475	649,966,265
Capital work-in-progress		589,968	1,219,861
		951,646,443	651,186,126

3.1 Operating assets

Particulars	Cost / Revalued amount			Accumulated depreciation			Net book value	Rate
	At July 1, 2012	Additions/ (Disposal)	At June 30, 2013	At July 1, 2012	For the year	At June 30, 2013	At June 30, 2013	%
	Rupees							
Land - Freehold	157,522,500	23,231,383	180,753,883	-	-	-	180,753,883	-
Buildings on freehold land	178,513,008	50,569,915	229,082,923	92,063,290	12,428,638	104,491,928	124,590,995	10
Plant and machinery	857,728,879	285,095,665	1,142,824,544	506,854,033	51,605,194	558,459,227	584,365,317	10
Generator	10,448,055	1,484,559	11,932,614	8,052,548	352,131	8,404,679	3,527,935	10
Electric fittings and installations	56,288,777	6,669,828	62,958,605	34,440,957	3,879,317	38,320,274	24,638,331	15
Tools and equipments	790,521	76,700	867,221	157,199	66,198	223,397	643,824	10
Office equipments	5,104,344	1,232,693	6,337,037	1,858,236	386,292	2,244,528	4,092,509	10
Telephone installations	1,258,197	580,140	1,838,337	697,767	86,987	784,754	1,053,583	10
Furniture & fixtures	6,847,237	437,226	7,284,463	2,856,095	418,100	3,274,195	4,010,268	10
Arms & ammunitions	18,295	123,000	141,295	12,519	9,690	22,209	119,086	10
Weighing scales	1,645,469	15,270	1,660,739	1,042,316	61,461	1,103,777	556,962	10
Tubewell	761,687	153,354	915,041	490,540	37,338	527,878	387,163	10
Fire extinguishing equipments	1,166,837	272,500	1,439,337	652,088	69,642	721,730	717,607	10
Vehicles	30,943,912	5,657,440	35,562,352	9,893,865	4,892,397	13,963,340	21,599,012	20
		(1,039,000)			(822,922)			
	1,309,037,718	375,599,673	1,683,598,391	659,071,453	74,293,385	732,541,916	951,056,475	
		(1,039,000)			(822,922)			

For comparative period

Particulars	Cost			Accumulated depreciation			Net book value	Rate
	At July 1, 2011	Additions	At June 30, 2012	At July 1, 2011	For the year	At June 30, 2012	At June 30, 2011	%
	Rupees							
Freehold land	157,522,500	-	157,522,500	-	-	-	157,522,500	-
Buildings on freehold land	175,812,471	2,700,537	178,513,008	82,543,269	9,520,021	92,063,290	86,449,718	10
Plant and machinery	847,714,190	10,014,689	857,728,879	468,512,316	38,341,717	506,854,033	350,874,846	10
Generator	10,437,055	11,000	10,448,055	7,787,501	265,047	8,052,548	2,395,507	10
Electric fittings and installations	54,125,850	2,162,927	56,288,777	30,745,767	3,695,190	34,440,957	21,847,820	15
Tools and equipment	211,631	578,890	790,521	136,664	20,535	157,199	633,322	10
Office equipment	3,935,978	1,168,366	5,104,344	1,562,223	296,013	1,858,236	3,246,108	10
Telephone installations	1,146,972	111,225	1,258,197	642,698	55,069	697,767	560,430	10
Furniture and fittings	5,497,177	1,350,060	6,847,237	2,464,609	391,486	2,856,095	3,991,142	10
Arms and ammunitions	14,095	4,200	18,295	12,030	489	12,519	5,776	10
Weighing scales	1,645,469	-	1,645,469	975,299	67,017	1,042,316	603,153	10
Tube well	761,687	-	761,687	460,411	30,129	490,540	271,147	10
Fire extinguishing equipment	1,166,837	-	1,166,837	594,893	57,195	652,088	514,749	10
Vehicles	13,878,703	17,065,209	30,943,912	7,943,190	1,950,675	9,893,865	21,050,047	20
	1,273,870,615	**35,167,103**	**1,309,037,718**	**604,380,870**	**54,690,583**	**659,071,453**	**649,966,265**	

3.2 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Carrying value	Sale proceed	Gain/(Loss)	Mode of disposal	Particulars of Buyers
	(Rupees)						
Toyota Corolla MLJ-70	1,039,000	822,922	216,078	216,078		Insurance Claim	Habib Insuranse company Ltd.

	Note	2013 Rupees	2012 Rupees
3.3 Depreciation for the year has been allocated as under:			
Cost of goods sold	22	68,557,458	52,047,477
Administrative expenses	25	5,735,927	2,643,106
		74,293,385	54,690,583

3.4 Revaluation of freehold land was carried out as on March 18, 2009 by independent valuer M/s Consultancy Support & Services (Private.) Limited on basis of depreciated replacement value.

3.5 Had there been no revaluation the related figures of freehold land as at June 30, 2013 would have been Rs. 30,485,498 (2012: Rs. 7,254,115).

4. STORES AND SPARES

	2013 Rupees	2012 Rupees
Stores and spares	23,689,772	17,284,074
Packing material	7,303,871	4,776,308
	30,993,643	22,060,382

5. STOCK IN TRADE

	2013 Rupees	2012 Rupees
Raw materials	398,773,185	185,999,073
Work in process	37,731,000	36,951,000
Finished goods		
- Yarn	65,065,500	149,154,571
- Waste	3,628,000	3,357,000
	68,693,500	152,511,571
	505,197,685	375,461,644

5.1. Stock in trade include stock of raw material amounting to Nil (2012: 38,408,769),work in process amounting to Nil (2012: 8,798,000) and finished goods amounting to Nil (2012: 53,750,000) from spinning unit under operating lease.

6. TRADE DEBTS

	Note	2013 Rupees	2012 Rupees
Considered good			
Export - secured		516,023,928	261,805,461
Local - unsecured	6.1	87,925,068	79,407,113
Considered doubtful - unsecured		-	905,827
		603,948,996	342,118,401
Provision for doubtful debts	6.6	-	(905,827)
		603,948,996	341,212,574

6.1 It includes Rs. Ni (2012: 7,532,131)l from Mahmooda Maqbool Mills Ltd -an associate undertaking.

6.2 local trade receivables are non-interest bearing and are generally on 15 to 25 day terms.

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

6.4 Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate.

6.5 Trade debts include debtors with a carrying amount of Rs.Nil (2012: Rs. 0.906 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Note	2013 Rupees	2012 Rupees
6.5.1 Aging of amounts due but not impaired			
90-120 days		749,255	-
120 days and above		-	905,827
		749,255	905,827
6.6. Provision for doubtful debts			
Opening		(905,827)	-
Provision during the year			(905,827)
Write off during the year		905,827	-
Closing		-	(905,827)

7. LOANS AND ADVANCES

	Note	2013 Rupees	2012 Rupees
Advance to employees - considered good		2,669,967	2,464,155
Advance to suppliers - considered good		5,191,115	8,686,729
Advance for spinning unit on operating lease		4,040,048	14,062,157
Minimum tax deposited under protest	28.4	848,021	848,021
		12,749,151	26,061,062

8. TRADE DEPOSITS AND PREPAYMENTS

	Note	2013 Rupees	2012 Rupees
Electricity charges paid under protest	20.1	219,606	219,606
Prepayments		161,803	130,803
		381,409	350,409

9. TAX REFUNDS DUE FROM GOVERNMENT

	2013 Rupees	2012 Rupees
Sales tax refundable	12,349,120	15,126,174

10. CURRENT PORTION OF LONG TERM INVESTMENT

These included term finance certificates (TFCs) which were issued by Bank Al Habib Limited on August 05,2004 having final maturity date of July 15,2012.These carried mark-up at the rate of 6 month KIBOR + 1.5% per annum.Full amount of investment has been realized during the year.

11. CASH AND BANK BALANCES

	2013 Rupees	2012 Rupees
Cash in hand	464,094	388,493
Cash at banks - current accounts	5,874,392	15,330,351
	6,338,486	15,718,844

13. SHARE CAPITAL

2013	2012			
Number of shares				
		Authorised		
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	200,000,000	200,000,000
		Issued, subscribed and paid up		
16,800,000	16,800,000	Ordinary shares of Rs. 10 each fully paid in cash	168,000,000	168,000,000

12.1 There were no movements during the reporting year.

12.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Note	2013 Rupees	2012 Rupees
13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Surplus on revaluation of free hold land		150,268,385	150,268,385
14. LONG-TERM FINANCING			
From banking companies - secured			
Term finance - Allied Bank Limited	14.1	26,250,000	41,250,000
Demand finance - II- Habib Bank Limited	14.2	160,000,000	-
Demand Finance- Habib Bank Limited	14.3	40,000,200	-
LTFF- EOP- Habib Bank Limited	14.4	40,000,200	-
		266,250,400	41,250,000
Less: Current portion shown under current liabilities		(61,666,100)	(15,000,000)
		204,584,300	26,250,000

14.1 This finance is obtained for balance sheet restructring / repayment of already drawn running finance from ABL. It is repayable in 16 equal quaterly installments commencing from July 01, 2011 and is secured against charge over present and future fixed assets of the company amounting to Rs. 80 million. It carries markup at the rate of 3 month average KIBOR + 1.75%.During the year, markup charged range from 11.06% to 13.74 %. (2012 : 13.62% to 15.27 %)

14.2 This interest free finance has been sanctioned by HBL to acquire the fixed assets (Land,Building and Machinery) of Accord Textile Mills Limited(ATL) under the arrangement of settlement of entire liability of ATL with HBL & transfer of assets in the name of Company. The loan is repayable in 12 equal half yearly installments commencing from July 31, 2013 and is secured against equitable mortgage charge of Rs. 160 million over the fixed assets of newly acquired spinning unit from ATL and personal guarantees of specific Directors.

14.3 These finances has been obtained from HBL to retire LC for import of textile machinery. The loan is repayable in 8 equal half yearly installments commencing from November 20, 2013.It carries markup at the rate 6 months KIBOR+ 1.70 BPS. This finance is secured against existing pari passu charge of HBL for Rs. 600 Million over the fixed assets of the Company along with personal guarantee of specific directors of the Company.

14.4 This finance has been obtained from HBL under the SBP scheme of subsidized rates to import the textile machinery for export oriented projects. The said finance has been utilized to retire the Lcs for import of machinery. This finance is repayable in 8 equal half yearly installments for each loan commencing from November 20, 2013. It carries flat markup rate of 11.10% per annum. This finance is also secured against existing charge of HBL over the fixed assets of the Company for Rs. 660 Million and personal guarantee of specific directors of the Company.

14.5 The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2013	2012
- Short-term borrowings	592,659,806	411,933,284
- Long-term loans	66,250,000	41,250,000
	658,909,806	453,183,284

Borrowing that are not exposed to interest rate changes and contractual re prising amount to

- Long -term loans	200,000,400	-

14.6 Management considers that there is no significant non compliance of agreements with financial institutions, where the Company is exposed to penalties.

15. LONG TERM LOANS FROM RELATED PARTIES

	Note	2013 Rupees	2012 Rupees
Chief executive officer		7,109,984	14,334,984
Directors		76,922,000	57,822,000
Relatives of Directors		4,134,080	784,080
		88,166,064	72,941,064
Movement during the year			
Opening Finance		72,941,064	61,871,984
Obtained during the year.		27,450,000	24,300,000
Repaid during the year		12,225,000	13,230,920
Closing Finance		88,166,064	72,941,064

These interest free loans are repayable in future on availability of funds with the Company. Directors loans has been subordinated with the commercial banks in lieu of certain financial arrangements.

16. DEFERRED LIABILITIES

	Note	2013 Rupees	2012 Rupees
Deferred taxation	16.1	61,745,805	49,508,103
Staff retirement benefits - gratuity	16.2	14,232,830	10,483,625
		75,978,635	59,991,728

16.1 Movement in temporary differences during the year

	As at July 01, 2012	Recognized in equity	Recognized in profit and loss	As at June 30, 2013
	....	........Rupees	....	....
Deferred tax credits				
Accelerated tax depreciation	51,806,026	-	12,714,068	64,520,094
Deferred tax debits				
Provision against doubtful Receivables	(182,759)	-	182,759	-
Provision for gratuity	(2,115,164)	-	(659,125)	(2,774,289)
June 30,2013	49,508,103	-	12,237,702	61,745,805

	As at July 01, 2011	Recognized in equity	Recognized in profit and loss	As at June 30, 2012
	....	........Rupees	....	....
Deferred tax credits				
Accelerated tax depreciation	56,465,743	-	(4,659,717)	51,806,026
Deferred tax debits				
Provision against doubtful Receivables	-	-	(182,759)	(182,759)
Provision for gratuity	(1,928,459)	-	(186,705)	(2,115,164)
June 30,2012	54,537,284	-	(5,029,181)	49,508,103

	Note	2013 Rupees	2012 Rupees

16.2 Movement in the net liability recognised in the balance sheet is as follows:

Opening liability		10,483,625	9,032,597
Charge for the year		14,291,325	7,281,278
		24,774,950	16,313,875
Payments during the year		(10,542,120)	(5,830,250)
Closing liability		14,232,830	10,483,625

The amount recognized in the balance sheet is as follows:

Present value of defined benefit obligation		16,334,818	11,890,693
Unrecognized actuarial loss		(2,101,988)	(1,407,068)
Net liability at the end of the year		14,232,830	10,483,625

The amount recognized in the profit and loss account is as follows:

Current service cost		12,583,028	5,718,765
Interest cost		1,664,697	1,473,952
Actuarial loss recognized		43,600	88,561
		14,291,325	7,281,278

Expense for the year is recognized in the following line items of profit and loss account:

Cost of goods sold	22.2	10,574,549	6,349,916
Administrative expenses	25.1	3,716,776	931,362
		14,291,325	7,281,278

Principal actuarial assumptions used in the actuarial valuation of the scheme carried out under Projected Unit Credit Method as at June 30, 2013 are as follows:

Discount rate (per annum)		10.5%	14%
Expected rate of increase in salaries (per annum)		9.5%	13%
Average expected remaining working life time of employees		5 years	5 years
Expected mortality for active members as per EFU (61-66) mortality table			
Number of members		1,348	-
Total monthly eligible salary		13,813,150	-

Amounts for the current and previous four years are as follows:

	2013	2012	2011	2010	2009
	....	....	Rupees	....	....
Defined benefit obligation	16,334,818	11,890,693	10,528,226	10,103,355	7,357,221
Unrecognized actuarial (losses) (losses)	(2,101,988)	(1,407,068)	(1,495,629)	(565,983)	(565,983)

	Note	2013 Rupees	2012 Rupees
17. TRADE AND OTHER PAYABLES			
Due to associated undertakings	17.1	107,473,986	117,717,099
Creditors		94,038,510	52,256,865
Advance payments		5,759,769	7,868,882
Accrued liabilities		117,814,246	75,486,695
Tax deducted at source		2,550,460	406,290
Unclaimed dividend		6,207,199	5,840,893
Workers' profit participation fund	17.2	12,707,556	8,967,432
Workers' welfare fund		14,287,806	9,463,926
Others		407,550	50
		361,247,082	278,008,132

17.1 Due to associated undertakings

Shah Shamas Cotton Industries (Private) Limited	107,473,986	117,717,099

17.2 Workers' profit participation fund

Opening balance	8,967,432	9,628,518
Interest on funds utilised	1,357,704	1,165,864
	10,325,136	10,794,382
Paid during the year	(10,312,000)	(10,783,382)
	13,136	11,000
Allocation for the year	12,694,420	8,956,432
	12,707,556	8,967,432

18. ACCRUED MARKUP

On long term financing	3,022,550	2,701,995
On short term borrowings	19,887,617	14,621,534
	22,910,167	17,323,529

19. SHORT TERM BORROWINGS

Under mark up arrangements - secured
From banking companies

Running finance	269,348,230	299,860,530
Cash finance	323,311,576	112,072,754
	592,659,806	411,933,284

19.1 The Company can avail finance facilities from various commercial banks under mark-up arrangements aggregating to Rs. 1,868.5 million (2012: Rs. 1603.5 million). These facilities are subject to mark-up ranging from 2.5% to 14.10% (2012: 3.5% to 16.13%) per annum. These facilities are secured against pledge of raw materials and finishedgoods, hypothecation charge over present and future current assets of the Company, lien on documents of title to goods and personal guarantees of certain Directors of the Company. Facilities available for opening letters of credit and guarantee aggregating to Rs. 190 million (2012: Rs.190 million) of which facilities remained un-utilised at the year end were Rs. 190 million (2012: Rs. 190 million).

These facilities are expiring on various dates by January 31, 2014.

20. CONTINGENCIES AND COMMITMENTS

Contingencies

20.1 WAPDA, during the accounting year ended September 30, 1998, raised demand for electricity charges amounting to Rs. 0.220 million for the period from July 1992 to December 1994. The Company had not accepted the said demand and filed a suit against this demand before the Court of Civil Judge-1st Class, Kot Addu. The case is pending for final decision. However, on the Court's instructions Rs. 0.220 million were deposited with it. This amount has been grouped under 'trade deposits and prepayments (note 8).

20.2 A fire broke out in the stock of cotton bales stored in the open compound and godowns at the premises of the Company's mills on April 13, 2000. Surveys, through the Surveyors appointed by the insurers, were conducted. The total insurance claim of Rs. 100,684,299 was ascertained and accepted by a consortium of Habib Insurance Company Pakistan Limited (HICL), Premier Insurance Company of Pakistan Limited (PICPL) and Pakistan General Insurance Limited (PGIL). HICL and PICPL satisfied the total insurance claims to the extent of their shares. The portion of insurance claim receivable from PGIL, however, remained due till September 30, 2000.

As the insurance claim receivable from PGIL to the tune of Rs. 49.618 million was doubtful of recovery, it was written off as at September 30, 2000. The Company, however served legal notice and also filed recovery suits against PGIL. Presently, the suits filed against PGIL is pending adjudication before the Honourable Lahore High Court and Civil Court, Lahore. The Company also lodged complaint against PGIL with APTMA on which the PGIL through its counsel has served legal notice to the Company and its Directors for the damages. The legal notice was duly replied. However, the PGIL has also filed suit against the Company and its Directors which is pending adjudication in the court of Civil judge, Lahore.

20.3 The Company during the year ended September 30, 1999, filed a writ petition with the Lahore High Court MultanBench against the Chairman, Administrator town committee Muzaffargarh praying that the respondent be ordered toimplement the orders of the Lahore High Court regarding the refund of the Zila Tax collected from the petitioner to the tune of Rs. 886,715. In this respect an amount of Rs. 161,013 has been received against Zila Tax. The refund of the balance amount of Rs. 725,702 is still pending.

20.4 The Company has imported textile machinery availing exemption from custom duty and sales tax on importation thereof under S.R.Os 554(1)/98, 987(1)/99 and 369(1)/2000. The Company has submitted indemnity bonds to the Customs Authorities in this regard. In case the conditions of aforementioned S.R.Os are violated, the amount of customs duty and sales tax exempted aggregating Rs. 65.283 million shall be recoverable by the Customs Authorities along with such penalties imposed in this regard under Section 202 of the Customs Act, 1969.

Commitments

20.5 Commitments outstanding at the end of the year in respect of irrevocable letter of credit is Rs. 31.88 million. (2012: Rs 61.288 million).

21. SALES

	Note	2013 Rupees	2012 Rupees
Local			
Yarn		2,647,936,856	1,470,000,480
Waste		43,116,624	37,865,418
Cotton seed		100,429,225	104,965,134
Doubling process income		6,430,100	3,617,900
		2,797,912,805	1,616,448,932
Export			
Yarn		1,756,371,334	1,805,432,437
		4,554,284,139	3,421,881,369

22. COST OF GOODS SOLD

	Note	2013 Rupees	2012 Rupees
Raw materials consumed	22.1	2,895,909,654	2,111,532,396
Salaries, wages and benefits	22.2	245,357,209	151,111,342
Stores consumed		35,574,138	26,081,081
Packing materials consumed		54,446,376	38,027,137
Power and fuel		485,367,587	368,221,093
Repair and maintenance		18,550,815	4,205,675
Insurance		6,596,638	5,780,568
Depreciation	3.3	68,557,458	52,047,477
Operating lease charges		-	-
Others		7,390	8,815
		3,810,367,265	2,757,015,584
Work-in-process			
Opening stock		37,289,000	30,740,000
Closing stock		(37,731,000)	(28,153,000)
		(442,000)	2,587,000
Cost of goods manufactured		3,809,925,265	2,759,602,584
Finished goods			
Opening stock		192,794,052	55,759,000
Purchases		126,881,786	357,168,024
Closing stock		(68,693,500)	(98,761,571)
		250,982,338	314,165,453
		4,060,907,603	3,073,768,037

22.1 Raw materials consumed

	2013 Rupees	2012 Rupees
Opening stock	170,600,420	114,009,630
Purchases and purchase expenses	3,119,598,315	2,143,815,725
	3,290,198,735	2,257,825,355
Closing stock	(398,773,185)	(147,590,304)
	2,891,425,550	2,110,235,051
Cotton cess	4,484,104	1,297,345
	2,895,909,654	2,111,532,396

22.2 These include Rs. 10,574,549 (2012: Rs. 6,349,916) in respect of staff retirement benefits and employee bonus of rupees 12,315,272 (2012: Rs 5,886,854).

23. OTHER INCOME

	Note	2013 Rupees	2012 Rupees
Income from financial assets			
Exchange gain		18,105,943	16,112,883
Profit on term finance certificates		14,423	72,193
		18,120,366	16,185,076
Income from assets other than financial assets			
Miscellaneous income		-	500,439
Insurance claim		683,922	-
Income from spinning unit on operating lease	26.1	503,462	-
		19,307,750	16,685,515

24. DISTRIBUTION COST

	2013 Rupees	2012 Rupees
Commission	30,807,812	23,884,069
Export expenses (including freight on export sales)	40,109,080	21,259,009
Export development surcharge	3,234,118	2,010,958
Freight, forwarding and others	5,134,316	2,981,731
	79,285,326	50,135,767

25. ADMINISTRATIVE EXPENSES

	Note	2013 Rupees	2012 Rupees
Directors' meeting fee	25.1	20,500	1,500
Salaries and benefits		36,263,424	22,766,274
Vehicles running and maintenance		8,902,433	6,874,981
Traveling and conveyance		15,239,417	8,580,451
Printing and stationery		4,132,739	2,487,731
Communication		3,202,189	2,359,187
Electricity and gas		2,561,172	2,695,608
Rent, rates and taxes		50,000	24,250
Repairs and maintenance		2,415,632	1,392,385
Entertainment		1,837,845	1,372,132
Subscription		1,509,168	1,088,869
Insurance		1,579,209	932,130
Donation	25.2	1,376,000	2,576,600
Advertisement		164,330	148,240
Depreciation	3.3	5,735,927	2,643,106
Auditors' remuneration	25.3	665,000	665,000
Legal and professional		1,138,550	563,521
Others		2,239,405	1,346,431
		89,032,940	58,518,396

25.1 These include Rs. 3,716,776 (2012: Rs. 931,362) in respect of staff retirement benefits and employee bonus of rupees 1,215,454 (2012: 831,104).

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

25.3 Auditors' remuneration

	2013 Rupees	2012 Rupees
Statutory audit fee	500,000	500,000
Half yearly review	100,000	100,000
Tax services	50,000	50,000
Certification and other services	15,000	15,000
	665,000	665,000

26. OTHER OPERATING EXPENSES

	Note	2013 Rupees	2012 Rupees
Workers' profit participation fund (WPPF)		12,694,420	8,956,432
Workers' welfare fund (WWF)		4,823,880	3,403,444
Interest on WPPF		1,357,704	1,165,864
Loss from spinning unit on operating lease	26.1	-	7,611,300
		18,876,004	21,137,040

26.1 Loss from spinning unit

	2013 Rupees	2012 Rupees
Sales	268,109,696	119,707,029
Cost of Sales	(252,617,908)	(110,776,051)
	15,491,788	8,930,978
Distribution cost	(3,382,080)	(3,029,583)
Administrative expenses	(4,594,501)	(3,916,698)
Finance cost	(7,011,745)	(9,595,997)
	(14,988,326)	(16,542,278)
Profit / (loss) for the period	503,462	(7,611,300)

	Note	2013 Rupees	2012 Rupees
27. FINANCE COST			
Mark up / interest on:			
Long term financing		9,576,580	7,752,906
Short term borrowings		77,843,404	59,880,412
		87,419,984	67,633,318
Bank charges		1,699,931	605,571
		89,119,915	68,238,889
28. TAXATION			
Current		60,241,480	50,982,527
Prior year		(9,665,670)	(5,455,511)
Deferred		12,237,702	(5,029,180)
		62,813,512	40,497,836

28.1 Tax charge reconciliation

	2013	2012
Applicable tax rate	35%	35%
Profit before tax	236,370,101	166,768,755
Tax on accounting profit before tax	82,729,535	58,369,064
Effect of expenses that are not deduct able in tax	(3,352,310)	(3,141,091)
Tax effect of previously unrecognized temporary differences	(11,148,633)	2,430,820
Effect of income chargebale at lower rate	4,250,589	(11,705,446
Prior year tax adjustment	(9,665,670)	(5,455,511)
Current year provision	62,813,512	40,497,836

28.2 The income tax assessment of the Company has been deemed assessed upto the tax year 2012.

28.3 The taxation officer has finalized the assessment for the assessment year 2002-03 by disallowing certain expenses. The Company filed an appeal before the Commissioner Income Tax (Appeal), who in his order allowed Rs. 0.779 million out of total disallowed expenses of Rs. 8.280 million. The department has filed second appeal before the ITAT for the assessment year 2002-03 which is rejected and effects of appeal are awaited.

28.4 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997 is not liable to pay minimum tax under section 80-D of the repealed Income Tax Ordinance, 1979. Consequently, Minimum Tax paid under protest and tax deducted at source till September 30, 1999 were accounted for as loans and advances (note 8).

29. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2013	2012
Profit for the year	Rupees	173,556,589	126,270,919
Year	Number	16,800,000	16,800,000
Earnings per share - basic and diluted	Rupees	10.33	7.52

30. FINANCIAL RISK MANAGEMENT

30.1 The Company's principal financial liabilities comprise long term financing, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade debts, loans and advances, other receivables, cash and bank balances and long term deposits that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

30.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 645,157,772 (2012: Rs.365,553,298), the financial assets which are subject to credit risk amounted to Rs. 645,693,913 (2012: Rs. 365,164,805). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

Credit risk of the Company arises principally from the trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2013 Rupees	2012 Rupees
Assets as per balance sheet		
Long term investments	-	289,246
Deposits	5,665,939	5,654,639
Trade debts	603,948,996	341,212,574
Loans and advances	11,901,130	2,464,155
Other receivables	-	213,840
Bank balances	5,874,392	15,330,351
	627,390,457	365,164,805

30.2.1 Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

30.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management frame work for the management of the Company's short-, medium- and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 31.3.2 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

30.3.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods..The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the un discounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted Average effective rate Of interest	Less than 1 month	1-3 months	3 months - 1 year	1-5 year	More than 5 years	Total
				Rupees			
June 30,2013							
Financial liabilities							
Interest bearing							
Long Term finance	11.06% to 13.74%	-	-	61,660,100	204,584,300	-	266,250,400
Short term borrowings	2.5% to 14.10%	-	-	592,659,806	-	-	592,659,806
Non interest bearing							
Accrued mark up		-	22,910,167	-	-	-	22,910,167
Trade and other payables		-	-	355,487,313	-	-	355,487,313
		-	22,910,167	1,009,813,219	204,584,300	-	1,237,307,686
June 30,2012							
Financial liabilities							
Interest bearing							
Long Term finance	7% to 15.27%	-	-	15,000,000	26,250,000	-	41,250,000
Short term borrowings	3.5% to 16.13%	-	-	411,933,284	-	-	411,933,284
Non interest bearing							
Trade and other payable		-	-	270,139,250	-	-	270,139,250
Accrued markup		-	17,323,529	-	-	-	17,323,529
		-	17,323,529	697,072,534	26,250,000	-	740,646,063

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the un discounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 month	1-3 months	3 months - 1 year	1-5 year	More than 5 years	Total
			Rupees			
June 30,2013						
Financial Assets						
Non Interest bearing						
Deposits	-	-	11,300	5,654,639	-	-
Trade debts	-	603,948,996	-	-	-	-
Loans and advances	-	11,901,130	-	-	-	-
	-	615,850,126	11,300	5,654,639	-	-

	Less than 1 month	1-3 months	3 months - 1 year	1-5 year	More than 5 years	Total
			Rupees			
June 30,2012						
Financial Assets						
Non Interest bearing						
Deposits	-	-	-	5,654,639	-	-
Trade debts	-	341,212,574	-	-	-	-
Loans and advances	-	2,464,155	-	-	-	-
	-	343,676,729	-	5,654,639	-	-

30.3.2. Financing facilities

Secured bank loan facilities with various maturity dates through to 2013 and which may be extended by mutual agreement.

	2013 Rupees	2012 Rupees
- amount used	658,909,806	453,183,284
- amount un-used	1,272,340,000	1,191,570,000

30.4 Market risk Management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

30.4.1 Interest rate risk management

Interest/mark-up rate risk arises from the possibility that changes in interest/mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest/mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 months and 6 months KIBOR.

30.4.2 Interest rate sensitivity

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Company's profit for the year would have been lower / higher by Rs. 8.589 million (2012: Rs. 4.532 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

30.5 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2012, the total foreign currency risk exposure was Rs. 541.558 million (2012: Rs. 261.805 million) in respect of trade debts only.

30.6 Foreign currency sensitivity analysis

At June 30, 2013, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been higher/lower by Rs.54.155 million (2012: Rs. 26.180 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is sensitive to movement in Rupee / foreign currency exchange rates in 2013 than 2012 because of the increased amount of trade debts.

30.7 Determination of fair values
Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

Fair value estimation
IFRS 7 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1; Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices). The Company has no items to report in this level.
- Level 3: Inputs for asset or liabilitity that are not based on observable market data (unobservable inputs).

The Company has not financial assets measured at above mentioned levels.

30.8 Financial instruments by category
The accounting policies for financial instruments have been applied for line items below:

	Loans and receivables	Held-to-maturity	Total June 30, 2013
	...............Rupees...............		
Assets as per balance sheet			
Long term investments	-	-	-
Deposits	5,665,939	-	5,665,939
Trade debts	603,948,996	-	603,948,996
Loans and advances	2,669,967	-	3,669,967
Other receivables	-	-	-
Cash and bank balances	6,338,486	-	6,338,486
	618,623,388	-	618,623,388

	Financial Liabilities measured at amortized cost	Total June 30, 2013
	..................Rupees..............	
Liabilities as per balance sheet		
Long term financing	266,250,400	266,250,400
Long term loans from related parties	88,166,064	88,166,064
Short term borrowings	592,659,806	592,659,806
Accrued mark up	22,910,167	22,910,167
Trade and other payables	355,487,313	355,487,313
	1,325,473,750	1,325,473,750

	Loans and receivables	Held-to-maturity	Total June 30, 2012
	...............Rupees...............		
Assets as per balance sheet			
Long term investments	-	289,246	289,246
Deposits	5,654,639	-	5,654,639
Trade debts	341,212,574	-	341,212,574
Loans and advances	2,464,155	-	2,464,155
Other receivables	213,840	-	213,840
Cash and bank balances	15,718,844	-	15,718,844
	365,264,052	289,246	365,553,298

	Financial Liabilities measured at amortized cost	Total June 30, 2012
	..................Rupees..............	
Liabilities as per balance sheet		
Long term financing	41,250,000	41,250,000
Long term loans from related parties	72,941,064	72,941,064
Short term borrowings	411,933,284	411,933,284
Accrued mark up	17,323,529	17,323,529
Trade and other payables	270,139,250	270,139,250
	813,587,127	813,587,127

31. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for 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 the shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, 2013 and June 30, 2012 were as follows:

	2013 Rupees	2012 Rupees
Total debt	947,076,270	526,124,348
Less: Cash and cash equivalents	(6,338,486)	(15,718,844)
Net debt	940,737,784	510,405,504
Total equity	687,981,245	552,224,656
Adjusted capital	1,628,719,029	1,062,630,160
Debt-to-adjusted capital ratio	58%	48%

32. REMUNERATION OF CHIEF EXECUTIVE, Directors AND EXECUTIVES

Particulars	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	June 30, 2013			June 30, 2012		
Managerial remuneration	-	-	3,396,000	-	-	2,366,280
Utilities	345,400	291,750	-	227,971	219,210	-
	345,400	291,750	3,396,000	227,971	219,210	2,366,280
Number of persons	1	1	4	1	1	3

32.1. Chief Executive Officer and executive Directors are provided with Company maintained cars and utilities at residence.
32.2 Meeting fee amounting Rs. 10,000 (2012: Rs. 1,500) was paid to non-executive Directors of the Company during the year.

33. TRANSACTIONS WITH RELATED PARTIES

33.1 Related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to associated undertakings are shown under-long term financing (refer note 15), trade and other payables (refer note 17) and amount due from associated undertaking is shown under trade debts (refer note 6). Remuneration of key management personnel is disclosed in note 32. Other significant transactions with related parties are as follows:

	2013 Rupees	2012 Rupees
Transaction with associated undertakings		
Purchase of goods	384,183,877	490,435,908
Sale of goods	37,287,319	78,575,424
Transaction with associated persons		
Loan received	27,450,000	17,900,000
Loan repaid	12,225,000	13,230,920

33.2 All transactions with related parties have been carried out on commercial terms and conditions.

34 PLANT CAPACITY ACTUAL AND PRODUCTION

		2013	2012
Spinning Unit-I			
Spindles installed and worked	No.	18,336	18,336
Shift worked	No.	1,092	1,071
Standard production after conversion into 20's count	Kgs	6,389,193	6,337,609
Actual production of yarn after conversion into 20's count	Kgs	4,443,856	5,389,139
Spinning Unit-II			
Spindles installed and worked	No.	27,864	27,864
Shift worked	No.	1,092	1,080
Standard production after conversion into 40's PC count	Kgs	4,784,702	4,721,968
Actual production of yarn after conversion into 40's PC count	Kgs	3,706,671	4,302,034
Spinning Unit-III			
Spindles installed and worked	No.	23,904	-
Shift worked	No.	1,090	-
Standard production after conversion into 20's count	Kgs	5,290,445	-
Actual production of yarn after conversion into 20's count	Kgs	4,316,860	-

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist and raw materials used, It also varies according to the pattern of production adopted in a particular year.

35 NUMBER OF EMPLOYEES

The total average no of employees during the year as at June 30, 2013 and 2012 respectively are as follows.

	2013	2012
	No. of employees	
Average no of employees during the year	1944	1295
Total number of employees as at June 30, 2013	1854	1074

36 DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue on 4th of October, 2013 by the Board of Directors of the Company.

37 GENERAL

37.1 Non-adjusting events after the balance sheet date

The Board of Directors have proposed dividend for the year ended June 30, 2013 of Rs. 2.75 per share amounting to Rs. 46.200 million at their meeting held on 4th of October, 2013 for approval from the members at the Annual General Meeting to be held on October 31, 2013. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

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

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Anis Ahmad Sheikh	Muhammad Ehsanullah Khan
Chairman/ Chief Executive Officer	Director	Chief Financial Officer

THE COMPANIES ORIDNANCE 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020652**
2. Name of the Company **Maqbool Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at 30.06.2013

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
58	1	100	3146	0.02
333	101	500	157,556	0.94
142	501	1000	138,469	0.82
109	1001	5000	308,295	1.84
37	5001	10000	306,345	1.82
12	10001	15000	162,500	0.97
4	15001	20000	67,000	0.40
4	20001	25000	87,000	0.52
4	25001	30000	114,100	0.68
3	30001	35000	102,500	0.61
1	40001	45000	42,500	0.25
3	45001	50000	144,100	0.86
1	50001	55000	55,000	0.33
2	55001	60000	117,306	0.70
2	65001	70000	138,000	0.82
1	75001	80000	77,500	0.46
3	95001	100000	296,000	1.79
1	150001	155000	152,321	0.91
2	165001	170000	338,000	2.01
2	175001	180000	353,000	2.10
1	180001	185000	182,000	1.08
1	205001	210000	209,000	1.24
1	215001	220000	220,000	1.31
1	275001	280000	280,000	1.67
4	700001	705000	2,815,743	16.76
3	775001	780000	2,328,915	13.86
1	1465001	1470000	1,465,121	8.72
1	1475001	1480000	1,476,921	8.79
2	1495001	1500000	2,995,563	17.83
1	1665001	1670000	1,666,089	9.92
740			**16,800,000**	**100.00**

Category wise Pattern of Total Shareholding

	Categories of Shareholders	No. of Shareholders	No. of Shares	%age
1	Individuals	726	14,821,419	88,.2227
2	Investment Companies	3	52,500	0.3125
3	Funds	2	157,666	0.9385
4	Joint Stock Companies	5	41,500	0.2470
5	Financial Institutions	3	60,826	0.3621
6	Mutual Funds	1	1,666,089	9.9172
	TOTAL	**740**	**16,800,000**	**100.00**

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2013

ADDITIONAL INFORMATION

Shareholders' Category	*Number of Shareholders*	*Number of Shares Held*
Associated Companies, Undertakings & Related Parties		Nil
NIT		
National Bank of Pakistan-Trustee Department	1	1,666,089
Directors		
Mian Tanvir Ahmad Sheikh	1	1,465,121
Mrs. Romana Tanvir Sheikh	1	703,586
Mian Anis Ahmad Sheikh	1	1,497,781
Mrs. Rameen Anis Sheikh	1	704,985
Mian Idrees Ahmad Sheikh	1	1,476,921
Mian Aziz Ahmad Sheikh	1	1,497,782
Mian Atta Shafi Tanvir Sheikh	1	177,000
Syed Raza Abbas Jafari (Rep NIT)	1	2,716,625
Chief Executive Officers		
Mian Tanvir Ahmad Sheikh	1	1,465,121
Directors'/CEO's Spouses	10	2,380,368
Executives		Nil
Public Sector Companies / Corporations		Nil
Shareholders Holding 10% or more voting interest		
Syed Raza Abbas Jafari (Rep NIT)	1	1,666,089

FORM OF PROXY

I, ...

....

of ....

being a member of *MAQBOOL TEXTILE MILLS LIMITED*, hereby appoint.

....

of ....

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or / and Extraordinary as the case may be) General Meeting of the Company to be held on the .... and at any adjournment thereof ....

As witness my hand this ....

day of 2013

Signed by the said

Five Rupees Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Head Office 2-Industrial Estate, Multan not less than 48 hours before the time for holding the meeting (Article 76).