

MAQBOOL

TEXTILE MILLS LIMITED

Half Yearly Report & Financial Statement (Auditor's Reviewed)
For the half year ended December 31, 2020

Company Profile

Board of Directors	Mian Tanvir Ahmad Sheikh	- Chairman
	Main Anis Ahmad Sheikh	- C.E.O
	Mian Idrees Ahmad Sheikh	
	Mian Aziz Ahmad Sheikh	
	Main Atta Shafi Tanvir Sheikh	
	Maj. (R) Javed Mussarat	- Independent Director
Audit Committee	Syed Raza Abbas Jaffari	- Independent Director
	Maj. (R) Javed Mussarat	- Chairman
	Mian Idrees Ahmad Sheikh	- Member
HR & Remuneration Committee	Mian Aziz Ahmad Sheikh	- Member
	Mian Idrees Ahmad Sheikh	- Member
	Main Atta Shafi Tanvir Sheikh	- Member
Chief Financial Officer & Company Secretary	M. Ehsanullah Khan	
Head of Internal Audit	Mahmood Ul Hassan	
Auditors	M/s Yousuf Adil Chartered Accountant Mehar Fatima Tower, Opposite High Court, Multan	
Legal Advisor	Khalil Ur Rehman Hameed Law Chambers, Lahore	
For the half year ended December 31, 2020		
Bankers	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited United Bank Limited Faysal Bank Limited The Bank of Punjab Bank Al-Falah Limited (Islamic Banking) Meezan Bank Limited National Bank of Pakistan (Islamic Banking)	
Registered/Head Office	2-Industrial Estate, Multan	
Mills (Unit I, II & Ginning)	M.M. Road, Chowk Sarwar Shaheed, Disst. Muzaffargarh.	
Mills (Unit III)	Rajana Road, Pir Mahal, Disst. Toba Tek Singh.	
Share Registrar	M/s Hameed Majeed Associates H.M. House, 7-Bank Square, Lahore.	

DIRECTORS' REVIEW

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am pleased to present before you the Auditors' Reviewed Financial Statements of your Company for the Six Month period ended December 31, 2020.

Your Management is pleased to report that the overall performance of your Company during the period under report was satisfactory and better than its performance for the same period last year.

During the six month period under report the total sales for the period were Rs.3,435,950,683/- as compared to Rs. 3,274,511,345/- for the same period last year. The gross profit for the period was Rs.325,144,443/- as compared to Rs.337,115,004/- last year. The net Profit after providing for tax amounted to Rs.32,087,233/- for the Six Month period ended December 31, 2020 as compared to net Profit after Tax of Rs.25,949,964/- of the same period last year.

Your Directors hope that by the grace of Almighty Allah, your Company will achieve even better financial results in the remaining period of the current financial year to end on June 30, 2021.

On behalf of the

Board
Sd/-

Mian Tanvir Ahmad Sheikh
Chairman

Place: Multan

Dated: 27.02.2021

مقبول ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹران کا جائزہ

محترم حصص داران،

میں مسرت کے ساتھ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے آڈیٹرز سے محدود پڑتال و جائزہ شدہ مالیاتی نتائج برائے پہلی ششماہی مدت مختتمہ 31 دسمبر 2020ء پیش کرتا ہوں۔

ملز کی انتظامیہ یہ بتاتے ہوئے خوشی محسوس کرتی ہے کہ آپ کی کمپنی کی کارکردگی موجودہ پہلی ششماہی کے دوران پچھلے سال کی نسبت اطمینان بخش اور بہتر رہی۔ کمپنی کی موجودہ ششماہی مدت کے دوران کل فروختگی مبلغ 3,435,950,683 روپے رہی جو کہ پچھلے سال اسی مدت کے لیے مبلغ - / 3,451,511,274 روپے تھی۔ ابتدائی منافع مبلغ - / 3,444,144,325 روپے تھا جو کہ پچھلے سال مبلغ - / 3,337,115,004 روپے تھا۔ حتمی منافع بعد از ٹیکس منہائی مبلغ - / 32,087,233 روپے رہا۔ جبکہ پچھلے سال حتمی منافع بعد از ٹیکس منہائی مبلغ - / 25,949,964 روپے تھا۔

آپ کے ڈائریکٹران امید کرتے ہیں کہ بفضل الہی آپ کی کمپنی 30 جون 2021ء میں اختتام ہونے والے مالیاتی سال کی بقایا مدت میں مزید بہتر نتائج حاصل کرے گی۔

بحکم بورڈ آف ڈائریکٹرز

دستخط

میاں تنویر احمد شیخ۔ چیئر مین

ملتان۔ بتاریخ 27 فروری 2021ء

DRAFT INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MAQBOOL TEXTILE MILLS LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Maqbool Textile Mills Limited** (the Company) as at December 31, 2020, and the related condensed interim statement of profit or loss and comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended December 31, 2020 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2020.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at December 31, 2020 and for the six-month period then ended, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.

Chartered Accountants

Multan

Date:27.02.2021

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
ASSETS	Note		
Non-current assets			
Property, plant and equipment	3	2,897,105,870	2,787,728,911
Long term deposits		10,266,514	8,181,889
		2,907,372,384	2,795,910,800
Current assets			
Stores and spares		75,451,723	61,100,864
Stock in trade	4	1,260,156,056	1,381,199,453
Trade debts		613,157,422	599,099,932
Loans, advances and prepayments		83,012,585	100,320,310
Prepayments			
Due from Government		181,948,328	153,999,330
Advance tax		74,288,627	108,749,891
Export rebate refundable			
Cash and bank balances		76,614,825	35,504,251
		2,364,629,566	2,439,974,031
Total assets		5,272,001,950	5,235,884,830
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		168,000,000	168,000,000
Surplus on revaluation of property plant and - net of deferred tax		1,112,352,289	1,133,642,519
General reserve		168,000,000	168,000,000
Unappropriated profit		475,923,541	425,179,002
		1,924,275,830	1,894,821,521
Non-current liabilities			
Long term financing	5	370,087,767	288,553,256
Deferred grant	6	13,411,987	-
Long term loans from related parties	11	57,837,296	55,083,139
Liabilities against right of use assets		8,777,413	12,302,245
Deferred taxation		379,645,851	345,219,432
Staff retirement benefits - gratuity		39,038,837	37,953,766
		868,799,151	739,111,838
Current liabilities			
Trade and other payables		482,054,457	363,392,411
Accrued markup		39,320,158	57,472,099
Short term borrowings	7	1,682,431,914	2,025,910,229
Unclaimed dividend		3,052,032	3,052,032
Unpaid dividend		6,736,459	9,851,010
Current portion of long term financing		205,956,076	58,123,114
Current portion of deferred grant		5,398,530	-
Current portion of liabilities against right of use assets		3,743,446	2,380,410
Provision for taxation		50,233,897	81,770,166
		2,478,926,969	2,601,951,471
Contingencies and commitments	8		
Total equity and liabilities		5,272,001,950	5,235,884,830

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Six month period ended Three month period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note	----- Rupees -----			
Revenue from contracts - net	9	3,435,950,683	3,274,511,345	1,809,670,588	1,680,002,090
Cost of goods sold	10	(3,110,806,240)	(2,937,396,341)	(1,625,921,522)	(1,478,862,053)
Gross profit		325,144,443	337,115,004	183,749,066	201,140,037
Other income		520,626	23,514	520,626	23,514
		325,665,069	337,138,518	184,269,692	201,163,551
Selling and Distribution Expense		(28,582,690)	(33,738,663)	(13,892,104)	(18,999,961)
Administrative expenses		(82,282,717)	(71,900,474)	(49,457,561)	(42,543,011)
Other operating expenses		(8,990,734)	(18,090,624)	(6,487,583)	(10,598,116)
		(119,856,141)	(123,729,761)	(69,837,248)	(72,141,088)
Finance cost		(88,721,725)	(131,547,994)	(41,119,643)	(78,859,094)
Profit before taxation		117,087,203	81,860,763	73,312,801	50,163,369
Taxation		(84,999,970)	(55,910,799)	(60,906,192)	(36,906,371)
Profit after taxation		32,087,233	25,949,964	12,406,609	13,256,998
Earnings per share - basic and diluted		1.91	1.54	0.74	0.79

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

Six month period ended.....	
	December 31, 2020 Rupees	December 31, 2019 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	117,087,203	81,860,763
Adjustments for :		
Depreciation on property, plant and equipment	64,979,351	62,975,080
Provision for staff retirement benefits - gratuity	14,730,220	14,050,903
Finance cost	88,721,725	131,547,994
	168,431,296	208,573,977
Operating cash flows before working capital changes	285,518,499	290,434,740
(Increase) / decrease in current assets		
Stores and spares	(14,350,859)	244,353
Stock in trade	121,043,397	(160,051,611)
Trade debts	(14,057,490)	153,835,256
Loans and advances	17,307,725	(54,247,348)
Due from Government	(27,948,998)	3,029,411
Sales tax refundable	-	-
	81,993,775	(57,189,939)
(Decrease) / increase in current liabilities		
Trade and other payables	118,662,046	(180,260,756)
Cash generated from operations	486,174,320	52,984,045
Income tax paid	(50,281,480)	(61,339,226)
Gratuity paid	(13,645,149)	(8,838,005)
Finance cost paid	(104,119,511)	(117,928,490)
	(168,046,140)	(188,105,721)
Net cash generated from / (used in) used in operating activities	318,128,181	(135,121,676)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment - Net	(137,016,591)	(108,447,806)
Additions to long term deposits	(2,084,625)	(2,029,200)
Additions to capital work in progress	(37,339,719)	(597,552)
Net cash used in investing activities	(176,440,935)	(111,074,558)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of long term financing	256,831,000	143,323,980
Repayment of long term financing	(8,653,009)	(33,730,959)
Liabilities against right of use assets	(2,161,796)	8,632,919
Short term borrowings - net	(343,478,315)	169,264,066
Dividend paid	(3,114,551)	(21,908,004)
Net cash (used in) / generated from financing activities	(100,576,671)	265,582,002
Net increase in cash and cash equivalents (A+B+C)	41,110,574	19,385,768
Cash and cash equivalents at beginning of the period	35,504,251	20,709,594
Cash and cash equivalents at end of the period	76,614,825	40,095,362

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	...Six month period endedThree month period ended ...	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
Profit for the period	32,087,233	25,949,964	(5,701,221)	13,256,998
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from deferred tax due to change rate on opening revaluation surplus	(2,632,924)	(7,649,279)	(2,632,924)	(7,649,279)
Total comprehensive income for the period	<u>29,454,309</u>	<u>18,300,685</u>	<u>(8,334,145)</u>	<u>8,233,163</u>

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

MAQBOOL TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Share capital	Capital Reserve	Revenue Reserves		Total
		Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
----- Rupees -----					
Balance as at July 01, 2019	168,000,000	1,187,724,930	168,000,000	370,168,634	1,893,893,564
Profit for the six months period ended December 31,2019	-	-	-	25,949,964	25,949,964
Other comprehensive (loss) for the period	-	(7,649,279)	-	-	(7,649,279)
Total comprehensive income for the period	-	(7,649,279)	-	25,949,964	18,300,685
Transactions with shareholders:					
Dividend for the year ended June 30,2019 @ Rs. 1.75 per Share	-	-	-	(29,400,000)	(29,400,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(27,600,051)	-	27,600,051	-
Balance as at December 31, 2019	168,000,000	1,152,475,600	168,000,000	394,318,649	1,882,794,249
Balance as at July 01, 2020	168,000,000	1,133,642,519	168,000,000	425,179,002	1,894,821,521
Profit for the six months period ended December 31,2019	-	-	-	32,087,233	32,087,233
Other comprehensive (loss) for the period	-	(2,632,924)	-	-	(2,632,924)
Total comprehensive income for the period	-	(2,632,924)	-	32,087,233	29,454,309
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(18,657,306)	-	18,657,306	-
Balance as at December 31, 2020	168,000,000	1,117,352,289	168,000,000	475,923,541	1,929,275,830

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

MAQBOOL TEXTILE MILLS LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

1. LEGAL STATUS

- 1.1** Maqbool Textile Mills Limited (the "Company") was incorporated in Pakistan on December 03, 1989 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at 2-Industrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing, trading and sale of yarn, cotton seed and cotton lint. The Company's area of the mill at unit 1 and unit 2 is 63.77 acres located at M.M. Road, Chowk Sarwar Shaheed, Distt.Muzaffargarh and area of unit 3 is 21.81 acres located at Rajana Road, Pirmahal, Distt, Toba Tek singh.
- 1.2** These interim 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 interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These interim financial statements are unaudited but subject to limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Act.

- 2.2** These interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative condensed interim statement of financial position has been extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income, comparative condensed interim statement of changes in equity and comparative condensed interim statement of cash flows have been extracted from un-audited interim financial statements for the six months period ended December 31, 2019.

2.4 Accounting policies and methods of computation

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2020, which do not have any impact on the Company's financial reporting and therefore, have not been detailed in this interim financial statements.

3. PROPERTY, PLANT AND EQUIPMENT	Note	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
Operating assets	3.1	2,859,766,151	2,787,131,889
Capital work-in-progress	3.2	37,339,719	597,022
		<u>2,897,105,870</u>	<u>2,787,728,911</u>

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
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3.1 Operating assets

Opening carrying value- operating assets other than right of use assets	2,773,249,894	2,699,977,368
Opening carrying value- right of use assets	13,881,995	4,574,327
	<u>2,787,131,889</u>	<u>2,704,551,695</u>

Additions during the period / year

Buildings on freehold land	3,617,867	1,900,384
Plant and machinery	128,893,120	191,025,086
Generator	550,000	-
Electric fittings and installations	3,413,076	6,226,531
Tools and equipments	-	4,500
Office equipment's	1,086,050	356,700
Telephone installations	-	275,000
Furniture and fixtures	53,500	56,500
Vehicles- owned	-	267,880
Vehicles- right of use asset	-	11,782,000
	<u>137,613,613</u>	<u>211,894,581</u>

Disposal for the period/year	-	(98,086)
Depreciation charge for the period/year	(63,591,151)	(126,741,969)
Depreciation charge for the period/year- right of use assets	(1,388,200)	(2,474,332)

Closing carrying value	<u>2,859,766,151</u>	<u>2,787,131,889</u>
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Closing carrying value -operating fixed assets	2,847,272,356	2,773,249,894
Closing carrying value- right of use assets	12,493,795	13,881,995
	<u>2,859,766,151</u>	<u>2,787,131,889</u>

3.2 Capital Work in progress

Opening carrying value	597,022	32,109,649
Additions during the period/ year	37,339,719	597,022
Capitalized during the period/ year	(597,022)	(32,109,649)
Closing carrying value	<u>37,339,719</u>	<u>597,022</u>

4. STOCK IN TRADE

Raw materials	1,064,336,684	921,526,270
Work in process	48,447,768	52,937,052
Finished goods		
- Yarn	140,095,056	400,945,867
- Waste	7,276,548	5,790,264
	147,371,604	406,736,131
	1,260,156,056	1,381,199,453
	(Unaudited)	(Audited)
	December 31,	June 30,
	2020	2020
	Rupees	Rupees

5. LONG TERM FINANCING

Note

From banking companies - secured

Habib Bank Limited			
- LTFF	5.1	29,012,765	29,012,765
- LTFF II	5.2	172,091,516	170,744,525
- LFFF III	5.3	19,010,597	19,010,597
- Demand Finance	5.4	37,908,483	37,908,483
		258,023,361	256,676,370
Bank AL Habib Limited			
- Term Finance	5.5	80,000,000	90,000,000
- Salaries and wages loan	5.6	159,393,482	-
- TERF	5.7	78,627,000	-
		318,020,482	90,000,000
		576,043,843	346,676,370
Less: Current portion		205,956,076	58,123,114
		370,087,767	288,553,256

5.1 Habib Bank Limited - LTFF

This finance has been obtained from Habib Bank Limited (HBL) for BMR / expansion. The loan is repayable in 8 equal half yearly installments commenced from May 9, 2017. Repayment of principal of this loan has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref. BPRD circular letter number 14 dated March 26, 2020. It carries markup at flat rate 5%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

5.2 Habib Bank Limited - LTFF-II

This finance has been obtained from HBL for Extension/BMR of Unit No.1. The loan is repayable in 16 equal quarterly installments with one year grace period, commenced from December 28, 2019. Repayment of principal of this loan has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref. BPRD circular letter number 14 dated March 26, 2020. It carries markup at flat rate of 4%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

5.3 *Habib Bank Limited - LTFF- III*

This finance has been obtained from HBL against retirement of import bills of machinery imported against sanctioned DF/LTF finance facility of Rs. 245 Million. This loan amount has been transferred to LTFF finance from demand finance on August 8, 2019 after approval from SBP. Repayment of principal of this loan has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref. BPRD circular letter number 14 dated March 26, 2020. It carries markup at flat rate of 4%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

5.4 *Habib Bank Limited - DF*

This finance has been obtained from HBL for reprofiling/refinancing of capital expenditures (CAPEX) already incurred by the company. This loan was obtained on August 8, 2019. This loan amount will be transferred to LTF finance after approval from SBP. It is repayable in 16 quarterly installments commenced from December 28, 2019 and is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company. Repayment of principal of this loan has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref BPRD circular letter number 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the period, markup was charged at rate of 8.26% (June 30, 2020: 12.15% to 14.99%).

5.5 *Bank Al Habib Limited - Term Finance*

This finance has been obtained from Bank Al Habib Limited for reprofiling/refinancing of CAPEX already incurred by the company. The loan was obtained on December 31, 2019 without grace period. It is repayable in 10 quarterly installments commencing from March 31, 2020 and is secured against first pari passu charge amounting to Rs. 622 million over current and future fixed assets of the company and personal guarantees of directors of the company. Repayment of principal of this loan has been deferred for 6 months from March 27, 2020 to September 20, 2021 as per SBP circular ref. BPRD circular letter number 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the period, markup was charged at rate of **8.45%** (June 30, 2020: 14.99%).

5.6 *Bank Al Habib Limited - Salaries and wages*

This loan is obtained from Bank Al Habib Limited under SBP's Refinance Scheme for payment of salaries & wages. The loan is repayable in 8 equal quarterly installments commencing from Jan, 2021 with 6 month grace period. It carries mark up at flat rate of 3%. The loan repayment has been extended for the period of one year due to relief under SBP BPRD Circular Letter No. 13 of 20 - Para 5(d)) due to COVID-19.

Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing. The Company has obtained the said finance at subsidized rate on May, 2020 and June, 2020, at a concessional interest rate of 1.5% and is repayable by October 2022 in 8 quarterly installments.

5.7 *Bank Al Habib Limited - TERF*

This loan is obtained from Bank Al Habib Limited under SBP's Temporary economic relief finance for refinancing of CAPEX. This loan is repayable in 32 equal quarterly installments commencing from November, 2022 with 2 year grace period. It carries mark up at flat rate of 4%. It is secured against first pari passu charge amounting to Rs. 1,355.4 million over present and future fixed assets of the company and personal guarantees of directors of the company.

	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
6. DEFERRED GRANT		
As at July 01, 2020	-	-
Recognized during the period	18,810,518	-
Amortized during the period	(1,250,126)	-
As at December 31, 2020	<u>17,560,391</u>	<u>-</u>
Less: Current Portion	<u>4,148,404</u>	<u>-</u>
Non current portion	<u>13,411,987</u>	<u>-</u>

Deferred government grant relates to the difference between the fair value and actual proceed of salary loan obtained under SBP's Refinance scheme for payment of salaries during the current period. It will be amortised over the period of next two and a half year with an amount equal to the difference between the finance cost charged to condensed statement of profit or loss account and the interest paid at SBP's defined rate as per the scheme. In subsequent periods, the grant will be amortised over the period of loan and amortisation will be recognised and presented as reduction of related interest expense

	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
7. SHORT TERM BORROWINGS		
From banking companies		
Secured - under markup arrangements		
Running finance	591,401,668	1,290,024,958
Cash finance	542,897,980	289,832,675
Murabaha finance	548,132,266	446,052,596
	<u>1,682,431,914</u>	<u>2,025,910,229</u>

- 7.1** Short term borrowings are available from various banks under mark-up arrangements aggregating to Rs. 4,570 million (June 30, 2020: Rs. 4,988 million) of which facilities remained un-utilized at the period end amounted to Rs. 2,888 million (June 30, 2020: 2,962 million). These facilities are subject to markup ranging from 7.66% to 9.21% (June 30, 2020: 8.6 % to 15.1 %) per annum. These facilities are secured against pledge of raw materials and finished goods, hypothecation charge and joint pari passu 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.

8. CONTINGENCIES AND COMMITMENTS

- 8.1** There is no significant change in status of contingent liabilities since the annual financial statements as at June 30, 2020.
- 8.2** Commitments outstanding at the end of the period in respect of irrevocable letter of credit is Rs. **646.7 million** (June 30, 2020: 125.16 million) and letter of guarantee is Rs. **7.40 million** (June 2020: Rs. 7.40 million).

----- (Unaudited) -----				
9. REVENUE FROM	...Six month period endedThree month period ended ...	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
- CONTRACTS	Rupees	Rupees	Rupees	Rupees
Local	3,174,877,918	2,423,354,699	1,608,682,538	1,280,441,344
Export	261,072,765	851,156,646	200,988,050	399,560,746
	<u>3,435,950,683</u>	<u>3,274,511,345</u>	<u>1,809,670,588</u>	<u>1,680,002,090</u>
----- (Unaudited) -----				
10. COST OF GOODS	...Six month period endedThree month period ended ...	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
SOLD	Rupees	Rupees	Rupees	Rupees
Raw materials consumed	1,897,173,624	2,364,778,677	1,148,367,944	1,140,029,771
Salaries, wages and benefits	247,863,868	221,357,064	122,941,580	112,478,518
Stores consumed	42,445,340	35,565,882	23,450,818	20,777,966
Packing materials consumed	54,072,081	45,342,492	31,476,293	24,755,239
Power and fuel	422,525,785	467,511,439	218,129,387	256,296,109
Repair and maintenance	9,446,137	6,405,044	4,629,913	4,371,087
Insurance	4,559,483	7,227,519	1,859,483	3,627,519
Depreciation	62,504,111	60,898,071	31,004,111	32,898,071
	<u>2,740,590,429</u>	<u>3,209,086,188</u>	<u>1,581,859,529</u>	<u>1,595,234,280</u>
Work-in-process				
Opening stock	52,937,052	56,959,742	40,561,770	50,298,600
Closing stock	(48,447,768)	(59,497,633)	(48,447,768)	(59,497,633)
	<u>4,489,284</u>	<u>(2,537,891)</u>	<u>(7,885,998)</u>	<u>(9,199,033)</u>
Cost of goods manufactured	<u>2,745,079,713</u>	<u>3,206,548,297</u>	<u>1,573,973,531</u>	<u>1,586,035,247</u>
Finished goods				
Opening stock	406,736,131	58,730,593	142,482,195	221,837,080
Purchases	106,362,000	84,887,425	56,837,400	83,759,700
Closing stock	(147,371,604)	(412,769,974)	(147,371,604)	(412,769,974)
	<u>365,726,527</u>	<u>(269,151,956)</u>	<u>51,947,991</u>	<u>(107,173,194)</u>
	<u>3,110,806,240</u>	<u>2,937,396,341</u>	<u>1,625,921,522</u>	<u>1,478,862,053</u>

11. RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings and key management personnel. The company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

----- (Unaudited) -----				
Nature of transactions	Six month period ended		Three month period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
<u>Key management personnel</u>				
Remuneration to:				
Chief Executive	2,455,328	2,425,620	1,227,664	1,212,810
Directors	1,698,127	1,671,237	849,064	835,619
Executives	4,300,000	3,900,000	2,150,000	1,950,000

<u>Associated undertakings</u>	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
		Rupees	Rupees
Loan from Related Parties	11.1	57,837,296	55,083,139

11.1 The Company entered into agreements of subordinated loan with HBL from various related parties (directors / chief executive) in their capacity as sponsors, whereby the repayment of loans was deferred for a period of three years. This loan was disbursed in two parts, first in June 2017 amounting to Rs. 62 million and second in January 2019 amounting to 9.5 million. These loans are interest free, unsecured and are repayable in full at the end of three-year period unless further extended by mutual agreement. The fair value of the loans was estimated at Rs. 46 million. The difference of Rs. 15.42 million, between the gross proceeds and the fair value of loans is recognized in equity through a transfer to unappropriated profit (the unamortized portions is not available for distribution). During the year, the unwinding of discount (i.e., unwinding of the difference between present value on initial recognition and the amount received) amounting to Rs. 2.75 million (June 30, 2020: 6.41 million) is recognized in condensed statement of profit or loss using the effective interest rate method.

11.2 All transactions with related parties have been carried out on agreed terms and conditions.

12. FAIR VALUE MEASUREMENTS

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy are as follows.

- 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. derive from prices).

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

12.1. Fair value of property, plant and equipment

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2019 was performed by MYK Associates (Private) Limited, independent valuer not related to the Company. MYK Associates (Private) Limited is on panel of Pakistan Banks Association as

‘Any Amount’ asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of these assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land, plant and machinery the highest and best use of these assets is their current use.

------(Unaudited)-----			
December 31, 2020			
	Level 1	Level 2	Level 3
	-----Rupees-----		
Property, plant and equipment			
- Freehold lands	-	31,787,994	-
- Buildings on freehold lands	-	138,808,139	-
- Plant and machinery	-	1,321,409,143	-
- Generators	-	3,790,084	-
- Electric fittings and installations	-	39,450,120	-
	-	1,535,245,482	-

------(Audited)-----			
June 30, 2020			
	Level 1	Level 2	Level 3
	-----Rupees-----		
Property, plant and equipment			
- Freehold lands	-	31,787,994	-
- Buildings on freehold lands	-	138,733,994	-
- Plant and machinery	-	1,224,649,597	-
- Generators	-	3,425,089	-
- Electric fittings and installations	-	39,166,738	-
	-	1,437,763,413	-

Other than this the fair value of all financial assets and financial liabilities are approximate to their carrying value. There were no transfers between levels during the period

13. FINANCIAL RISK MANAGEMENT

The Company’s risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2020.

14. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were authorized for issue on 27.02.2021 by the Board of Directors of the Company.

15. FIGURES

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

www.maqboolgroup.com

MAQBOOL CENTRE

2 Insuttrial Estate Multan – Pakistan

Tel: +92 61 653 9551-52 653 7155

Fax: +92 61 653 9042

E-mail: marketing@maqboolgroup.com

MILLS UNIT I –II & GINNING UNIT:

MM Road Chowk Sarwar Shaheed District Muzaffagarh- Pakistan

MILLS UNIT III:

Pir Mahal Rajana Road, Tehsil Kamalia Distt T.T.Singh.