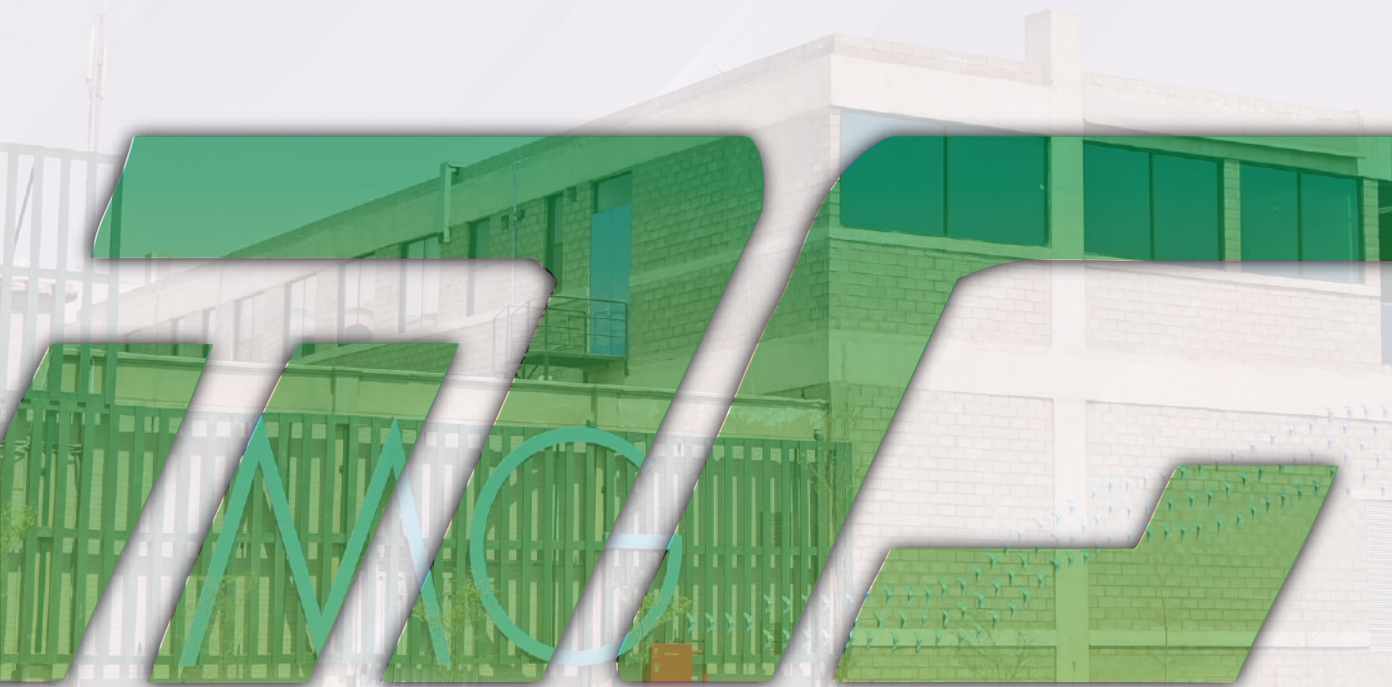


# HALF YEARLY ACCOUNTS

December 31, 2023



MAHMOOD TEXTILE MILLS





# CORPORATE INFORMATION



## Board of Directors:

|                                 |                         |
|---------------------------------|-------------------------|
| Khawaja Muhammad Ilyas          | Chairman                |
| Khawaja Muhammad Younus         | Chief Executive Officer |
| Mrs. Farah Ilyas                | Female Director         |
| Khawaja Muhammad Muzaffar Iqbal | Director                |
| Khawaja Muhammad Anees          | Director                |
| Abdul Rehman Qureshi            | Independent Director    |
| Muhammad Asghar                 | Independent Director    |

## Chief Financial Officer

Yasir Ghaffar

## Company Secretary

Liaqat Ali Dolla

## Auditors

CROWE HUSSAIN CHAUDHURY & CO.  
Chartered Accountants  
7<sup>th</sup> Floor, Gul Mohar Trade Center, 8-F Main Market,  
Gulerg II Lahore, Punjab 54660, Pakistan

## Stock Exchange Listing

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

## Share Registrar

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

## Bankers

MCB Bank Limited  
United Bank Limited  
Habib Bank Limited  
Allied Bank Limited  
Bank Al-Habib Limited  
Meezan Bank Limited  
National Bank of Pakistan Limited  
Bank Alfalah Limited  
Bank Islami Limited  
Habib Metropolitan Bank Limited  
The Bank of Khyber  
The Bank of Punjab  
Askari Bank Limited  
Soneri Bank Limited  
ICBC Bank Limited

## Mills

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

## Registered Office

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

## Regional Office

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

# DIRECTORS' REVIEW

## Dear Shareholders,

We are pleased to present the Director's Report of Mahmood Textile Mills Limited for the half year ending 31st December 2023. Despite the challenges faced by the textile industry, we are delighted to report that our company has shown resilience, adaptability, and steady growth throughout the period.

## Industry Overview:

The textile sector in Pakistan continues to be a vital contributor to the country's economy, accounting for a significant portion of its exports and providing employment opportunities to millions of people. Despite facing challenges such as fluctuating raw material prices, energy price hikes, and global economic uncertainties, the sector has demonstrated its ability to innovate and remain competitive in the international market.

## Financial Review:

During the reporting period, Mahmood Textile Mills Limited has continued its growth trajectory, achieving commendable financial results during these hard times. Here are the key highlights of our financial performance:

|                        | December 31,<br>2023 | December 31,<br>2022 |
|------------------------|----------------------|----------------------|
|                        | (Rupees in Million)  |                      |
| Net turnover           | 33,979               | 23,710               |
| Gross profit           | 4,908                | 2,865                |
| Profit from operations | 3,594                | 1,699                |
| Other income           | 59                   | 142                  |
| Finance cost           | (3,336)              | (1,464)              |
| Profit before taxation | 651                  | 409                  |
| Profit after taxation  | 259                  | 110                  |

During the period under review the Company's net turnover increased from Rs.23.71 billion to Rs.33.98 billion. The gross profit as a percentage of sales increased to 14.44% from 12.08% in the corresponding period. The finance cost during the period increased to Rs. 3.336 billion from Rs. 1.464 billion in the corresponding period. The Company's profit after tax increased to Rs. 259 million from Rs. 110 million (i.e. 135% increase from the corresponding period).

## Earnings per Share:

The earnings per share for the half year ended December 31, 2023 has increased to Rs. 8.62 as compared to Rs. 3.67 for previous year's corresponding period.

## Operational Highlights:

Throughout the year, we focused on enhancing our operational capabilities and optimizing our production processes. Key initiatives included:

Investments in Technology: We continued to invest in state-of-the-art machinery and technology to improve

efficiency, reduce waste, and enhance product quality. These investments have enabled us to stay ahead of the competition and meet the evolving needs of our customers.

**Product Diversification:** We expanded our product portfolio to cater to a wider range of customer requirements.

**Quality Assurance:** Maintaining the highest standards of quality remains a top priority for us. We implemented rigorous quality control measures across all stages of the production process to ensure that our products meet or exceed customer expectations.

**Sustainability Initiatives:** As part of our commitment to sustainability, we implemented various initiatives to reduce our environmental footprint and promote responsible manufacturing practices. These efforts include energy conservation measures, waste recycling programs, and the adoption of eco-friendly materials. We have coalition with Net Zero Pakistan for achieving the ambition of Paris agreement.

MG Apparel is playing a pivotal role in this regard and is actively working on following sustainable development goals:



We are very much pleased that MG Apparel's first Sustainability annual report is also published and can be viewed at <https://mgapparel.com/mg-apparel-sustainability-report/>

## Future Prospects:

The domestic environment, marked by political uncertainty, high financial costs, and escalating energy prices, poses significant challenges to the manufacturing industry. Urgent measures are imperative, including a substantial reduction in mark-up rates to revitalize the textile sector. Simultaneously, we are actively exploring diverse sustainable energy models—solar, biomass, and steam turbines—to effectively address rising energy costs and fortify the manufacturing landscape.

A substantial reduction of local cotton crop which is being substituted with expensive imports, along with delays in transit of imports and substantial impact on shipping costs due to Red sea tension is also making the industry uncompetitive.

Looking ahead, we remain cautiously optimistic about the future prospects of the textile sector in Pakistan. While challenges such as volatile raw material prices and global economic uncertainties may persist, we believe that our company is well-positioned to navigate these challenges and continue on a path of sustainable growth.

We will continue to focus on innovation, operational excellence, sustainability and customer satisfaction to drive our business forward. By staying agile and responsive to market dynamics, we are confident that we can create long-term value for our shareholders and stakeholders.

## Acknowledgments:

We would like to express my sincere appreciation to our dedicated team of employees, whose hard work, professionalism, and commitment have been instrumental in our success. We would also like to thank our customers, suppliers, financial institutions and shareholders for their continued support and trust in Mahmood Textile Mills Limited.

## Conclusion:

In conclusion, we are pleased with the progress we have made during the reporting period, and we are confident in our ability to achieve our strategic objectives in the future. We remain committed to delivering superior value to all our stakeholders and maintaining Mahmood Textile Mills Limited's position as one of the leaders in textile industry of Pakistan.

Thank you for your trust and confidence in us.

For and on behalf of the Board

Sd/-  
Khawaja Muhammad Ilyas  
Chairman

Sd/-  
Khawaja Muhammad Younus  
Director

Location: Multan  
Dated: February 29, 2024

## اعترافات:

ہم اپنے ملازمین کی سرشار ٹیم کے لئے اپنی دلی تعریف کا اظہار کرنا چاہیں گے جن کی محنت، پیشہ ورانہ مہارت اور عزم ہماری کامیابی میں اہم کردار ادا کرتے ہیں۔ ہم محمود ٹیکسٹائل ملز لمیٹڈ میں مسلسل تعاون اور اعتماد کے لئے اپنے صارفین، فراہم کنندگان، مالیاتی اداروں اور حصہ داروں کا شکریہ ادا کرنا چاہیں گے۔

## نتیجہ:

آخر میں ہم رپورٹنگ کے عرصہ کے دوران ہونے والی پیش رفت سے خوش ہیں، اور ہمیں مستقبل میں اپنے اسٹریٹجک مقاصد کو حاصل کرنے کی اپنی صلاحیت پر یقین ہے۔ ہم اپنے تمام اسٹیک ہولڈرز کو اعلیٰ اقدار فراہم کرنے اور پاکستان کی ٹیکسٹائل انڈسٹری میں ایک لیڈر کے طور پر محمود ٹیکسٹائل ملز لمیٹڈ کی پوزیشن کو برقرار رکھنے کے لئے پُر عزم ہیں۔

ہم پر آپ کے اعتماد اور بھروسے کے لئے آپ کا شکریہ!

خواجہ محمد یونس  
ڈائریکٹر

خواجہ محمد الیاس  
چیئرمین

ملتان: مورخہ 29 فروری 2024ء



## فی حصص آمدن:

31 دسمبر 2023ء کو ختم ہونے والے ششماہی کے لئے فی حصص آمدن سابقہ مالی سال کے مقابلہ میں 3.67 سے بڑھ کر 8.62 روپے ہو

گئی۔

## آپریشنل جھلکیاں:

سال بھر ہم نے اپنی آپریشنل صلاحیتوں کو بڑھانے اور اپنے پیداواری عمل کو بہتر بنانے پر توجہ مرکوز رکھی جس میں کلیدی اقدامات شامل ہیں۔ ٹیکنالوجی میں سرمایہ کاری جاری رکھی۔ ان سرمایہ کاری نے ہمیں مقابلہ سے آگے رہنے اور اپنے صارفین کی بڑھتی ہوئی ضروریات کو پورا کرنے کے قابل بنایا ہے۔

مصنوعات کی تنوع: ہم نے اپنی مصنوعات کو صارفوں کی ضروریات کو پورا کرنے کے لئے بڑھایا ہے۔

معیار کی یقین دہانی: معیار کے اعلیٰ ترین معیارات کو برقرار رکھنا ہماری اولین ترجیح ہے۔ ہم نے پیداواری عمل کے تمام مراحل میں کوالٹی کنٹرول کے سخت اقدامات کا نفاذ کیا ہے تاکہ یہ یقینی بنایا جاسکے کہ ہماری مصنوعات صارفین کی توقعات پر پوری اترتی ہیں یا ان کی توقعات اس سے زیادہ ہیں۔ پائیداری کے اقدامات: پائیداری کے لئے اپنی وابستگی کے حصے کے طور پر ہم نے اپنے ماحولیاتی اثرات کو کم کرنے اور مینوفیکچرنگ کے طریقوں کو فروغ دینے کے لئے مختلف اقدامات نافذ کئے ہیں۔

## مستقبل کے امکانات:

سیاسی غیر یقینی صورتحال، بلند ماحولیاتی اخراجات، اور توانائی کی بڑھتی ہوئی قیمتوں سے نشان زدہ گھریلو ماحول، مینوفیکچرنگ انڈسٹری کے لئے اہم چیلنجز ہیں۔ ٹیکسٹائل سیکٹر کو زندہ رکھنے کے لئے مارک اپ کی شرح میں خاطر خواہ کمی سمیت فوری اقدامات ناگزیر ہیں۔ اس کے ساتھ ساتھ، ہم توانائی کے بڑھتے ہوئے اخراجات کو موثر طریقے سے حل کرنے اور مینوفیکچرنگ لینڈ سکیپ کو مضبوط بنانے کے لئے مختلف پائیدار توانائی کے ماڈلز، شمسی، باپوماس، اور سٹیم ٹرانز کونفرنٹیل طور پر تلاش کر رہے ہیں۔

مقامی کپاس کی فصل میں خاطر خواہ کمی جو مہنگی درآمدات کے ساتھ بدلی جا رہی ہے، درآمدات کی آمدورفت میں تاخیر اور بیجہ احمر کے تناؤ کی وجہ سے شپنگ لاگت پر کافی اثر اندازی بھی صنعت کو غیر مسابقتی بنا رہا ہے۔

آگے بڑھتے ہوئے ہم پاکستان میں ٹیکسٹائل سیکٹر کے مستقبل کے امکانات کے بارے میں محتاط طور پر پرامید ہیں۔ اگرچہ خام مال کی غیر مستحکم قیمتوں اور عالمی اقتصادی غیر یقینی صورتحال جیسے چیلنجز برقرار رہ سکتے ہیں، ہمیں یقین ہے کہ ہماری کمپنی ان چیلنجز کو مست کے تعین کرنے اور پائیدار ترقی کی راہ پر گامزن رہنے کے لئے اچھی پوزیشن میں ہے۔

ہم اپنے کاروبار کو آگے بڑھانے کے لئے جدت، آپریشنل عمدگی، پائیداری اور صارفین کے اطمینان پر توجہ مرکوز کرتے رہیں گے۔ مارکیٹ کی حرکیات کے لئے چست اور جوابدہ رہ کر، ہمیں یقین ہے کہ ہم اپنے حصہ داروں اور اسٹیک ہولڈرز کے لئے طویل مدتی قدر پیدا کر سکتے ہیں۔



## ڈائریکٹرز رپورٹ

### عزیز شراکت دار حضرات:

ہمیں 31 دسمبر 2023ء کو ختم ہونے والی ششماہی کے لئے محمود ٹیکسٹائل ملز لمیٹڈ کی ڈائریکٹرز رپورٹ پیش کرتے ہوئے انتہائی مسرت ہو رہی ہے۔ ٹیکسٹائل انڈسٹری کو درپیش ہونے والے مسائل کے باوجود ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ہماری کمپنی نے انتہائی لچک، موافقت اور مستحکم ترقی کا مظاہرہ کیا ہے۔

### صنعت کا جائزہ:

پاکستان میں ٹیکسٹائل کا شعبہ ملکی معیشت میں ایک اہم حصہ دار ہے جو کہ اس کی برآمدات کا ایک اہم جزو ہے نیز لاکھوں لوگوں کو روزگار فراہم کرنے کا ذریعہ بھی ہے۔ خام مال کی قیمتوں میں اتار چڑھاؤ، توانائی کی قیمتوں میں اضافے اور بین الاقوامی اقتصادی صورتحال کی غیر یقینی جیسے مسائل کا سامنا کرنے کے باوجود اس شعبے نے بین الاقوامی مارکیٹ میں جدت اور مسابقت کی صلاحیتوں کا بھرپور مظاہرہ کیا ہے۔

### مالیاتی جائزہ:

رپورٹنگ کی مدت کے دوران، محمود ٹیکسٹائل ملز لمیٹڈ نے اس مشکل وقت میں قابل قدر مالیاتی نتائج حاصل کرتے ہوئے اپنی ترقی کی رفتار کو جاری رکھا ہے۔ ہماری مالی کارکردگی کی چند اہم جھلکیاں درج ذیل ہیں:

| 31 دسمبر 2022ء | 31 دسمبر 2023ء |                              |
|----------------|----------------|------------------------------|
| رقم ملین میں   | رقم ملین میں   |                              |
| 23,710         | 33,979         | خالص کاروباری حجم            |
| 2,865          | 4,908          | خالص منافع                   |
| 1,699          | 3,594          | آپریشنز سے حاصل منافع        |
| 142            | 59             | دیگر آمدن                    |
| (1,464)        | (3,396)        | مالیاتی لاگت                 |
| 59             | 409            | ٹیکس سے قبل منافع            |
| 259            | 110            | ٹیکس کی ادائیگی کے بعد منافع |

زیر جائزہ مدت کے دوران کمپنی کا خالص کاروبار 23.71 بلین روپے سے بڑھ کر 33.98 بلین روپے ہو گیا۔ فروخت کے اعشاریہ کے طور پر مجموعی منافع اسی مدت میں 12.08 فیصد سے بڑھ کر 14.44 فیصد ہو گیا۔ اس مدت کے دوران مالیاتی لاگت 1.464 بلین روپے سے بڑھ کر 3.336 بلین روپے ہو گیا۔ اسی مدت میں کمپنی کا بعد از ٹیکس منافع 110 ملین روپے سے بڑھ کر 259 ملین روپے ہو گیا (یعنی اسی مدت کا اعشاریہ 135% رہا)۔

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF MAHMOOD TEXTILE MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of MAHMOOD TEXTILE MILLS LIMITED ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed 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 financial statements based on our review.

## 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 the 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

The condensed interim financial statements for the half year ended December 31, 2022 and the annual financial statements for the year ended June 30, 2023 of the Company were reviewed and audited, by another firm of the chartered accountants who expressed an unmodified conclusion and opinion thereon vide their reports dated February 28, 2023 and October 06, 2023, respectively.

The engagement partner on the resulting in this independent auditor's review report is Amin Ali.

LAHORE;  
UDIN: RR202310051BgacEXMIF

CROWE HUSSAIN CHAUDHURY & CO.  
CHARTERED ACCOUNTANTS

# محمود ٹیکسٹائل ملز لمیٹڈ کے ممبران کو آڈیٹر کی جائزہ رپورٹ

## تعارف

ہم نے محمود ٹیکسٹائل ملز لمیٹڈ (کمپنی) کی 31 دسمبر 2023 تک کے نفع و نقصان اور آمدنی کی جامع سٹیٹمنٹ کا عبوری اور جامع جائزہ لیا ہے۔ ایکویٹی اور کیش فلو کی تفصیلی سٹیٹمنٹس اور اس کے بعد ختم ہونے والی چھ ماہ کی مدت کے لئے جامع مالیاتی سٹیٹس کے نوٹس (جسے یہاں عبوری مالیاتی سٹیٹمنٹس کہا گیا ہے) کا جائزہ لیا گیا۔ انتظامیہ ان عبوری سٹیٹمنٹس کی تیاری اور اسے پیش کرنے کی ذمہ دار ہے۔ حسابات اور رپورٹنگ کے معیارات کے مطابق جو کہ پاکستان میں عبوری مالیاتی رپورٹنگ کے لئے رائج ہیں کو مد نظر رکھا گیا۔ یہ ہماری ذمہ داری ہے کہ ہم اپنے جائزے کی بنیاد پر ان مالیاتی جدول ہائے کی بنیاد پر کوئی نتیجہ اخذ کریں۔

## جائزے کا دائرہ کار:

ہم نے یہ جائزہ بین الاقوامی معیار برائے جائزہ انتظامات 2410 کے مطابق کیا ہے جو کہ غیر جانبدار آڈیٹر کے ذریعہ عبوری مالیاتی معلومات کے جائزہ کے معیار کے مطابق کیا گیا۔ عبوری مالیاتی جدول ہائے کا جائزہ بنیادی طور پر مالیاتی اور حسابات کے ذمہ دار افراد سے معلومات حاصل کرنے اور جزئیاتی اور دیگر جائزے کے طریقہ کار پر مشتمل ہوتا ہے۔ آڈٹ کے مقابلے میں جائزہ کافی حد تک کم ہے اور اس کے نتیجے میں یہ ہمیں اس حد تک یقین دہانی حاصل کرنے کے قابل نہیں بناتا ہے کہ ہم ان تمام معلومات سے آگاہ ہو جائیں گے جن کی نشاندہی آڈٹ میں ہو سکتی ہے، اس کے مطابق آڈٹ کے نقطہ نظر کا اظہار نہیں کرتے ہیں۔

## نتائج:

ہمارے جائزے کی بنیاد پر، ہمارے نظر میں ایسی کوئی چیز نہیں آئی جس کے باعث ہم اس نتیجے پر پہنچیں کہ اس کے ساتھ دیئے گئے مالیاتی جدول ہائے، تمام مادی لحاظ سے، حسابات اور رپورٹ کے معیارات کے مطابق، جو کہ عبوری مالیاتی رپورٹ کے لئے پاکستان میں لاگو ہوتے ہیں، تیار نہیں کئے گئے ہیں۔

## دیگر معاملات:

سال 2022 اور 31 دسمبر 2023ء میں ختم ہونے والی سہ ماہیوں کے لئے نفع و نقصان اور دیگر جامع آمدن کے جامع عبوری جدول کے اعداد و شمار کا جائزہ نہیں لیا گیا ہے کیونکہ ہمیں صرف 31 دسمبر 2023ء کو ختم ہونے والی ششماہی کے مجموعی اعداد و شمار کا جائزہ لینے کی ہی ضرورت ہے۔ 31 دسمبر 2022ء کو ختم ہونے والے ششماہی کے جامع عبوری مالیاتی گوشواروں اور کمپنی کے 30 جون 2023ء کو ختم ہونے والے سال کے سالانہ مالیاتی گوشواروں کا جائزہ لیا گیا اور آڈٹ کیا گیا۔ چارٹرڈ اکاؤنٹنٹس کی ایک فرم جس نے اس پر ایک غیر ترمیم شدہ رائج اور رائے کا اظہار کیا، بالترتیب 28 فروری 2023ء اور 16 اکتوبر 2023ء کو اپنی رپورٹس کے ذریعے اس غیر جانبدارانہ جائزہ رپورٹ کو مرتب کیا جس میں ہمارے شریک مین علی صاحب ہیں۔

لاہور

UDIN: RR202310051BgacEXMIF

کروو حسین جوہدری اینڈ کمپنی  
چارٹرڈ اکاؤنٹنٹس

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2023

|  |      | Un-audited<br>Dec. 31,<br>2023 | Audited<br>June 30,<br>2023 |
|--|------|--------------------------------|-----------------------------|
|  | Note | ----- Rupees in thousand ----- |                             |
| <b>ASSETS</b>  |      |                                |                             |
| <b>Non-Current Assets</b>                              |      |                                |                             |
| Property, plant and equipment                          | 5    | 18,549,068                     | 17,654,661                  |
| Investment property                                    |      | 162,687                        | 162,687                     |
| Intangible assets                                      |      | 4,119                          | 4,846                       |
| Long term investments                                  | 6    | 5,670,844                      | 5,538,761                   |
| Long term deposits                                     |      | 53,854                         | 53,814                      |
|  |      | 24,440,572                     | 23,414,769                  |
| <b>Current Assets</b>                                  |      |                                |                             |
| Stores, spares and loose tools                         |      | 1,057,939                      | 1,357,140                   |
| Stock-in-trade   | 7    | 20,796,009                     | 17,736,241                  |
| Trade debts  | 8    | 5,832,084                      | 6,144,970                   |
| Loans and advances                                     | 9    | 2,086,207                      | 925,348                     |
| Other receivables                                      |      | 316,350                        | 256,096                     |
| Short term investments                                 | 10   | 31,154                         | 24,795                      |
| Tax refunds due from the Government                    | 11   | 820,970                        | 1,476,973                   |
| Cash and bank balances                                 |      | 76,768                         | 34,614                      |
|  |      | 31,017,481                     | 27,956,177                  |
| <b>Total Assets</b>                                    |      | 55,458,053                     | 51,370,946                  |
| <b>EQUITY AND LIABILITIES</b>                          |      |                                |                             |
| <b>SHARE CAPITAL AND RESERVES</b>                      |      |                                |                             |
| Authorised share capital                               |      | 500,000                        | 300,000                     |
| Issued, subscribed and paid-up share capital           |      | 300,000                        | 300,000                     |
| Capital reserves:                                      |      |                                |                             |
| - Capital reserve                                      |      | 7,121                          | 7,121                       |
| - Revaluation surplus on property, plant and equipment |      | 2,458,085                      | 2,508,051                   |
|  |      | 2,465,206                      | 2,515,172                   |
| Revenue reserve - unappropriated profit                |      | 11,248,139                     | 10,939,497                  |
| <b>Total Equity</b>                                    |      | 14,013,345                     | 13,754,669                  |
| <b>Non-Current Liabilities</b>                         |      |                                |                             |
| Long term finances                                     | 12   | 9,664,491                      | 9,063,681                   |
| Lease liabilities                                      | 13   | 26,114                         | 29,871                      |
| Deferred liabilities                                   | 14   | 599,013                        | 585,512                     |
|  |      | 10,289,618                     | 9,679,064                   |
| <b>Current Liabilities</b>                             |      |                                |                             |
| Trade and other payables                               | 15   | 7,028,501                      | 6,350,162                   |
| Unclaimed dividends                                    |      | 3,680                          | 3,700                       |
| Contract liabilities - advances from customers         |      | 305,147                        | 126,477                     |
| Accrued mark-up  |      | 1,364,149                      | 1,220,860                   |
| Short term borrowings                                  |      | 20,404,799                     | 17,654,510                  |
| Current portion of non-current liabilities             | 16   | 1,443,379                      | 1,811,821                   |
| Taxation   | 17   | 605,435                        | 769,683                     |
|  |      | 31,155,090                     | 27,937,213                  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                   | 18   | -                              | -                           |
| <b>Total Equity and Liabilities</b>                    |      | 55,458,053                     | 51,370,946                  |

The annexed notes to 1 from 28 form an integral part of these condensed interim financial statements (Un-audited).

sd/-  
**Kh. Muhammad Ilyas**  
Chairman

sd/-  
**Kh. Muhammad Younus**  
Chief Executive Officer

sd/-  
**Yasir Ghaffar**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

|   | Note | Half Year Ended December 31, |              | Quarter Ended December 31, |              |
|---|------|------------------------------|--------------|----------------------------|--------------|
|   |      | 2023                         | 2022         | 2023                       | 2022         |
| ----- Rupees in thousand -----                            |      |                              |              |                            |              |
| Sales - net   | 19   | 33,978,861                   | 23,710,317   | 16,472,298                 | 11,498,648   |
| Cost of sales   | 20   | (29,070,830)                 | (20,845,595) | (14,212,313)               | (10,333,072) |
| <b>Gross Profit</b>                                       |      | 4,908,031                    | 2,864,722    | 2,259,985                  | 1,165,576    |
| Distribution cost   | 21   | (454,778)                    | (565,221)    | (237,892)                  | (194,093)    |
| Administrative expenses                                   | 22   | (869,610)                    | (650,114)    | (467,112)                  | (315,330)    |
| Other expenses  |      | (48,822)                     | (92,878)     | (37,064)                   | (22,822)     |
| Other income  |      | 58,795                       | 142,381      | 56,684                     | 124,814      |
|   |      | (1,314,415)                  | (1,165,832)  | (685,384)                  | (407,431)    |
| <b>Profit from Operations</b>                             |      | 3,593,616                    | 1,698,890    | 1,574,601                  | 758,145      |
| Finance cost  |      | (3,336,277)                  | (1,464,438)  | (1,532,480)                | (815,855)    |
|   |      | 257,339                      | 234,452      | 42,121                     | (57,710)     |
| Share of profit of associated companies                   |      | 394,091                      | 174,462      | 243,155                    | 45,356       |
| <b>Profit / (Loss) before Taxation</b>                    |      | 651,430                      | 408,914      | 285,276                    | (12,354)     |
| Taxation  | 23   | (392,754)                    | (298,717)    | (217,754)                  | (178,717)    |
| <b>Profit / (Loss) after Taxation</b>                     |      | 258,676                      | 110,197      | 67,522                     | (191,071)    |
| <b>Other Comprehensive Income</b>                         |      |                              |              |                            |              |
| <b>Total Comprehensive Income / (Loss) for the Period</b> |      | 258,676                      | 110,197      | 67,522                     | (191,071)    |
| -----Rupees-----  |      |                              |              |                            |              |
| <b>Earnings / (Loss) per Share (Re-stated)</b>            |      | 8.62                         | 3.67         | 2.25                       | (6.37)       |

The annexed notes to 1 from 28 form an integral part of these condensed interim financial statements (Un-audited).

sd/-  
**Kh. Muhammad Ilyas**  
Chairman

sd/-  
**Kh. Muhammad Younus**  
Chief Executive Officer

sd/-  
**Yasir Ghaffar**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| Share capital | Capital Reserves |   | Revenue                | Total |
|---------------|------------------|---|------------------------|-------|
|               | Capital reserve  | Surplus on revaluation of property, plant and equipment | Un-appropriated profit |       |

-----Rupees in thousands-----

|  |                |              |                  |                   |                   |
|--|----------------|--------------|------------------|-------------------|-------------------|
| <b>Balance as at June 30, 2022 (Audited)</b>   | 187,500        | 7,121        | 2,529,956        | 9,926,513         | 12,651,090        |
| Cash dividend at the rate of Rs.10 per share for the year ended June 30, 2022  | -              | -            | -                | (187,500)         | (187,500)         |
| Total comprehensive income for the six months period ended December 31, 2022   | -              | -            | -                | 110,197           | 110,197           |
| Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation | -              | -            | (55,517)         | 55,517            | -                 |
| <b>Balance as at December 31, 2022 (Un-audited)</b>  | <b>187,500</b> | <b>7,121</b> | <b>2,474,439</b> | <b>9,904,727</b>  | <b>12,573,787</b> |
| <b>Balance as at June 30, 2023 (Audited)</b>   | 300,000        | 7,121        | 2,508,051        | 10,939,497        | 13,754,669        |
| <b>Transactions with owners of the Company:</b>  |                |              |                  |                   |                   |
| Total comprehensive income for the six months period ended December 31, 2023   | -              | -            | -                | 258,676           | 258,676           |
| Revaluation surplus on property, plant and equipment realised during the period on account of incremental depreciation | -              | -            | (49,966)         | 49,966            | -                 |
| <b>Balance as at December 31, 2023 (Un-audited)</b>  | <b>300,000</b> | <b>7,121</b> | <b>2,458,085</b> | <b>11,248,139</b> | <b>14,513,345</b> |

The annexed notes to 1 from 28 form an integral part of these condensed interim financial statements (Un-audited).

sd/-  
**Kh. Muhammad Ilyas**  
Chairman

sd/-  
**Kh. Muhammad Younus**  
Chief Executive Officer

sd/-  
**Yasir Ghaffar**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

|  | Half Year Ended December 31,   |             |
|--|--------------------------------|-------------|
|  | 2023                           | 2022        |
|  | ----- Rupees in thousand ----- |             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                                |             |
| Profit for the period - before taxation                              | 651,430                        | 408,914     |
| <b>Adjustments for non-cash charges and other items:</b>             |                                |             |
| Depreciation on operating fixed assets and right-of-use assets       | 878,214                        | 547,102     |
| Amortisation   | 727                            | 1,038       |
| Gain on disposal of operating fixed assets - net                     | (2,290)                        | (6,478)     |
| Fair value (gain) / loss on re-measurement of short term investments | (6,194)                        | 22,525      |
| Gain on sale of short term investments                               | (2,573)                        | (8,998)     |
| Dividend on short term investments                                   | -                              | (398)       |
| Mark-up income on term finance certificates                          | -                              | (26,912)    |
| Share of profit of associated companies                              | (394,091)                      | (174,462)   |
| Government grant recognised  | (43,909)                       | (38,455)    |
| Finance cost   | 3,336,277                      | 1,464,438   |
| <b>Profit before working capital changes</b>                         | 4,417,591                      | 2,188,314   |
| <b>Effect on cash flows due to working capital changes</b>           |                                |             |
| (Increase) / decrease in current assets                              |                                |             |
| Stores, spares and loose tools                                       | 299,201                        | (225,675)   |
| Stock-in-trade   | (3,059,768)                    | (7,370,184) |
| Trade debts  | 312,886                        | (1,692,439) |
| Loans and advances   | (1,160,859)                    | (40,954)    |
| Other receivables  | (60,254)                       | (103,625)   |
| Sales tax refunds  | 317,898                        | (572,098)   |
| Contract liabilities - advances from customers                       | 305,147                        |             |
| Increase in trade and other payables                                 | 678,339                        | 1,948,886   |
|  | (2,367,410)                    | (8,056,089) |
| <b>Cash generated from /(used in) operations</b>                     | 2,050,181                      | (5,867,775) |
| Income tax paid - net  | (265,949)                      | (320,195)   |
| <b>Net Cash Generated from /(Used in) Operating Activities</b>       | 1,784,232                      | (6,187,970) |
| <b>Cash flows from investing activities</b>                          |                                |             |
| Fixed capital expenditure  | (1,802,920)                    | (1,620,805) |
| Sale proceeds and insurance claims of operating fixed assets         | 31,862                         | 38,953      |
| Long term deposits   | (40)                           | (389)       |
| Short term investments - net   | (3,786)                        | 38,613      |
| Mark-up received on term finance certificates                        | -                              | 26,912      |
| Dividend received  | 262,008                        | 263,346     |
| <b>Net Cash Used in Investing Activities</b>                         | (1,512,876)                    | (1,253,370) |
| <b>Cash flows from financing activities</b>                          |                                |             |
| Long term finances - net   | 224,037                        | 471,455     |
| Lease liabilities - net  | (3,757)                        | 2,927       |
| Short term borrowings - net  | 2,750,289                      | 8,364,693   |
| Finance cost paid  | (3,199,750)                    | (1,206,905) |
| Dividend paid  | (21)                           | (186,702)   |
| <b>Net Cash (Used in) / Generated from Financing Activities</b>      | (229,202)                      | 7,445,468   |
| <b>Net Increase in Cash and Cash Equivalents</b>                     | 42,154                         | 4,128       |
| <b>Cash and Cash Equivalents - at the Beginning of the Period</b>    | 34,614                         | 46,906      |
| <b>Cash and Cash Equivalents - at End of the Period</b>              | 76,768                         | 51,034      |

The annexed notes to 1 from 28 form an integral part of these condensed interim financial statements (Un-audited).

sd/-  
**Kh. Muhammad Ilyas**  
Chairman

sd/-  
**Kh. Muhammad Younus**  
Chief Executive Officer

sd/-  
**Yasir Ghaffar**  
Chief Financial Officer



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

## 1. Legal Status and Operations

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Mahmood Textile Mills Limited (the Company) was incorporated in Pakistan on February 25, 1970 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing and sale of yarn, grey cloth and apparel / garments.

Geographical location and addresses of business units / mills:

### 1.1 Registered Office / Head Office

Mehr Manzil, Lohari Gate, Multan

### 1.2 Regional Office

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

### 1.3 Mills

Mahmoodabad, Multan Road, Muzaffargarh

Masoodabad, D.G. Khan Road, Muzaffargarh

Chowk Sarwar Shaheed, District Muzaffargarh

Industrial Estate, Multan

## 2. Basis of Preparation

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### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, '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.

Where 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.

- 2.2** These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

**2.3** These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2023 have, however, been subjected to limited scope review by external Auditors.

## **2.4 Functional and presentation currency**

These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional currency. All amounts have been rounded to the nearest thousand of rupees, unless otherwise stated.

## **3. Significant Accounting Policies**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended June 30, 2023.

## **4. Accounting Estimates and Judgments**

**4.1** The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

**4.2** In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2023.

|   |      | <b>December 31,<br/>2023</b> | <b>June 30,<br/>2023</b> |
|---|------|------------------------------|--------------------------|
|   |      | (Un-audited)                 | (Audited)                |
|   |      | Rupees in thousands          |                          |
| <b>5. Property, Plant and Equipment</b> | Note |                              |                          |
| Operating fixed assets                  | 5.1  | 18,046,649                   | 16,910,492               |
| Right-of-use assets                     | 5.2  | 396,835                      | 401,257                  |
| Capital work-in-progress                | 5.3  | 105,584                      | 342,912                  |
|   |      | <b>18,549,068</b>            | <b>17,654,661</b>        |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

|   | December 31,<br>2023<br>(Un-audited) | June 30,<br>2023<br>(Audited) |
|---|--------------------------------------|-------------------------------|
| <b>5.1 Operating fixed assets</b>                 | (Un-audited)                         | (Audited)                     |
| Note  | Rupees in thousands                  |                               |
| Opening balance                                   | 16,910,492                           | 10,929,832                    |
| Additions made during the period / year:          |                                      |                               |
| - Freehold land                                   | -                                    | 129                           |
| - Buildings on leasehold land                     | 263,279                              | 259,560                       |
| - Buildings on freehold land                      | 32,280                               | 1,166,819                     |
| - Plant and machinery                             | 1,193,835                            | 4,744,564                     |
| - Stand-by equipment / generators                 | -                                    | 74,049                        |
| - Furniture and fittings                          | 54,132                               | 36,886                        |
| - Vehicles  | 72,174                               | 277,199                       |
| - Office equipment                                | -                                    | 72                            |
| - Electric installations                          | 399,628                              | 789,521                       |
| - Gas installations                               | 2,681                                | 311                           |
| - Tools and equipment                             | 1,030                                | 868                           |
| - Computer and accessories                        | 20,482                               | 21,437                        |
| - Weighing bridge                                 | -                                    | 1,610                         |
|   | 2,039,521                            | 7,373,025                     |
|   | 18,950,013                           | 18,302,857                    |
| Book value of operating fixed assets disposed-off | (29,572)                             | (115,462)                     |
| Transferred to investment property                | -                                    | (67,822)                      |
| Depreciation charge for the period / year         | (873,792)                            | (1,209,081)                   |
| Closing balance                                   | 18,046,649                           | 16,910,492                    |
| <b>5.2 Capital work-in-progress</b>               |                                      |                               |
| - Advances for purchase of freehold land          | -                                    | 74,205                        |
| - Advances for intangible                         | 14,242                               | 5,698                         |
| - Advances to building contractors                | 87,296                               | 81,421                        |
| - Plant and machinery                             | 1,341                                | 181,588                       |
| - Advances for purchase of vehicles               | 2,705                                | -                             |
|   | 105,584                              | 342,912                       |
| <b>5.3 Right-of-Use Assets</b>                    |                                      |                               |
| Opening balance                                   | 401,257                              | 394,403                       |
| Additions made during the period / year           | -                                    | 13,798                        |
| Depreciation charge for the period / year         | (4,422)                              | (6,944)                       |
| Closing balance                                   | 396,835                              | 401,257                       |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| 6. Long Term Investments (Un-Quoted at Equity Method)   | Note | December 31,        | June 30,   |
|---|------|---------------------|------------|
|   |      | 2023                | 2023       |
|   |      | (Un-audited)        | (Audited)  |
|   |      | Rupees in thousands |            |
| <b>Associated Companies</b>   |      |                     |            |
| Masood Spinning Mills Limited   | 6.1  | 2,030,682           | 1,969,128  |
| Orient Power Company (Private) Limited  | 6.2  | 3,640,162           | 3,569,633  |
|   |      | 5,670,844           | 5,538,761  |
| <b>6.1 Masood Spinning Mills Limited (MSML)</b>   |      |                     |            |
| Carrying value of 8,921,692 ordinary shares of Rs. 10 each as at June 30, Equity held: 29.71%                     |      | 1,969,128           | 1,830,071  |
| Share of profit for the period based on un-audited financial statements of MSML for the period                    |      | 61,554              | 187,180    |
| Dividend received during the period   |      | -                   | (44,608)   |
| Adjustment based on last year's audited financial statements: statement of profit or loss                         |      | -                   | (3,515)    |
| Carrying value of investment  |      | 2,030,682           | 1,969,128  |
| <b>6.2 Orient Power Company (Pvt.) Limited (OPCL)</b>   |      |                     |            |
| Carrying value of 87,335,969 ordinary shares of Rs. 10 each as at June 30, Equity held: 20.97%                    |      | 3,569,633           | 3,284,305  |
| Share of profit for the period based on un-audited financial statements of OPCL for the period                    |      | 332,537             | 423,424    |
| Dividend received during the period   |      | (262,008)           | (218,340)  |
| Adjustment based on last year's audited financial statements: statement of profit or loss                         |      |                     | 80,244     |
| Carrying value of investment as at December 31, 2023  |      | 3,640,162           | 3,569,633  |
| <b>7. Stock-in-Trade</b>  |      |                     |            |
| Raw materials including in-transit inventory valuing Rs. 3,028.905 million (June 30, 2023: Rs. 3,331.864 million) |      | 11,362,583          | 11,363,841 |
| Work-in-process   |      | 2,708,801           | 1,354,323  |
| Finished goods  |      | 6,724,625           | 5,018,077  |
|   |      | 20,796,009          | 17,736,241 |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| 8. Trade Debts                      | Note | December 31,<br>2023 | June 30,<br>2023 |
|-------------------------------------|------|----------------------|------------------|
|                                     |      | (Un-audited)         | (Audited)        |
|                                     |      | Rupees in thousands  |                  |
| Secured                             |      |                      |                  |
| - Export                            |      | 1,340,401            | 2,061,803        |
| - Local                             | 8.1  | 4,261,989            | 3,795,215        |
|                                     |      | 5,602,390            | 5,857,018        |
| Unsecured - considered good - local |      | 229,694              | 287,952          |
|                                     |      | 5,832,084            | 6,144,970        |

**8.1** Based on expected credit loss (ECL) workings, no allowance for ECL is required as at December 31, 2023.

## 9. Loans and Advances

|   |  |           |         |
|---|--|-----------|---------|
| Advances to:                                    |  |           |         |
| - key management personnel                      |  | 15,758    | 15,811  |
| - employees                                     |  | 6,106     | 27,820  |
| - suppliers and contractors                     |  | 1,156,621 | 798,708 |
| Due from associate                              |  | 66,481    | -       |
| Deposit with Sui Northern Gas Pipelines Limited |  | 75,221    | 75,221  |
| Letters of credit                               |  | 766,020   | 7,788   |
|   |  | 2,086,207 | 925,348 |

## 10. Short Term Investments (At fair value through profit or loss)

| Quoted  |          |          |
|---|----------|----------|
| <b>Equity Instruments</b>                                 |          |          |
| <b>Pakistan Stock Exchange Limited</b>                    |          |          |
| 1,100,000 (June 30, 2023: 2,049,500) shares of Rs.10 each | 24,694   | 47,080   |
| <b>Ghani Chemical Industries Limited</b>                  |          |          |
| 1,720,000 (June 30, 2023: 1,020,000) shares of Rs.10 each | 48,700   | 26,149   |
|   | 73,394   | 73,229   |
| Adjustment on re-measurement to fair value                | (42,240) | (48,434) |
|   | 31,154   | 24,795   |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

|   | Note | December 31,        | June 30,   |
|---|------|---------------------|------------|
|   |      | 2023                | 2023       |
|   |      | (Un-audited)        | (Audited)  |
|   |      | Rupees in thousands |            |
| <b>11. Tax Refunds due from the Government</b>                |      |                     |            |
| Income tax refundable, advance tax and tax deducted at source |      | 242,681             | 580,786    |
| Sales tax refundable  |      | 578,289             | 896,187    |
|   |      | 820,970             | 1,476,973  |
| <b>12. Long Term Finances - secured</b>                       |      |                     |            |
| <b>From banking companies</b>                                 |      |                     |            |
| Habib Bank Limited (HBL)                                      |      | 1,641,166           | 1,809,625  |
| MCB Bank Limited (MCB)  |      | 250,598             | 275,598    |
| Meezan Bank Limited (MBL)                                     |      | 1,078,223           | 1,086,002  |
| United Bank Limited (UBL)                                     |      | 210,978             | 234,420    |
| Allied Bank Limited (ABL)                                     |      | 1,059,955           | 846,376    |
| Bank Al Habib Limited (BAHL)                                  |      | 1,203,018           | 1,102,165  |
| National Bank of Pakistan (NBP)                               |      | 1,478,556           | 1,478,556  |
| Bank Alfalah Limited (BAFL)                                   |      | 1,484,983           | 1,218,970  |
| Soneri Bank Limited (SNBL)                                    |      | 488,750             | 555,550    |
| Askari Bank Limited (AKBL)                                    |      | 478,981             | 500,000    |
| Bank of Punjab (BoP)  |      | 661,629             | 661,629    |
| Bank Al Habib Limited - Islamic                               |      | 499,999             | 499,999    |
|   |      | 10,536,836          | 10,268,890 |
| <b>Deferred Government Grant:</b>                             |      |                     |            |
| Temporary Economic Refinance Facility                         |      |                     |            |
| Bank Al Habib Limited   |      | 149,283             | 164,859    |
| Bank of Punjab  |      | 310,018             | 338,351    |
|   |      | 459,301             | 503,210    |
|   |      | 10,996,137          | 10,772,100 |
| Less: Current portion grouped under current liabilities       |      | 1,331,646           | 1,708,419  |
|   |      | 9,664,491           | 9,063,681  |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| 13. Lease Liabilities                           | Note | December 31,        | June 30,  |
|---|------|---------------------|-----------|
|   |      | 2023                | 2023      |
|   |      | (Un-audited)        | (Audited) |
|   |      | Rupees in thousands |           |
| Present value of minimum lease payments         |      | 34,675              | 38,432    |
| Current portion shown under current liabilities |      | (8,561)             | (8,561)   |
|   |      | 26,114              | 29,871    |

**13.1** The Company has entered into finance lease agreement with Bank Al-Habib Limited to acquire vehicles upto a total limit of Rs. 100 million. These are secured against title of the leased assets in the name of the bank.

| 14. Deferred Liabilities   |  |         |         |
|--|--|---------|---------|
| Deferred taxation  |  | 599,013 | 579,207 |
| Long term portion of provision against Gas Infrastructure Development Cess |  | -       | 6,305   |
|  |  | 599,013 | 585,512 |

| 15. Trade and Other Payables              |  |           |           |
|---|--|-----------|-----------|
| Trade creditors                           |  | 2,516,938 | 2,369,563 |
| Bills payable                             |  | 1,862,632 | 1,973,860 |
| Due to Associated Undertaking and Company |  | -         | 396       |
| Accrued expenses                          |  | 2,274,574 | 1,728,159 |
| Tax deducted at source                    |  | 135,704   | 70,324    |
| Workers' (profit) participation fund      |  | 77,881    | 63,407    |
| Workers' welfare fund                     |  | 140,216   | 128,190   |
| Others                                    |  | 20,556    | 16,263    |
|   |  | 7,028,501 | 6,350,162 |

| 16. Current Portion Of Non-Current Liabilities        |  |           |           |
|---|--|-----------|-----------|
| Long term finances                                    |  | 1,331,646 | 1,708,419 |
| Lease liabilities                                     |  | 8,561     | 8,561     |
| Provision against Gas Infrastructure Development Cess |  | 103,172   | 94,841    |
|   |  | 1,443,379 | 1,811,821 |



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| 17. Taxation - net  | Note | December 31,<br>2023 | June 30,<br>2023 |
|---|------|----------------------|------------------|
|   |      | (Un-audited)         | (Audited)        |
|   |      | Rupees in thousands  |                  |
| Balance as at June 30   |      | 769,683              | 594,171          |
| Add: provision for the period / year:   |      |                      |                  |
| - current period  |      | 420,000              | 672,179          |
| - prior year  |      | 4,139                | (8,727)          |
| Less: payments / adjustments made during the period / year against completed assessment |      | (588,387)            | (487,940)        |
| Closing balance   |      | 605,435              | 769,683          |

- 17.1** Returns filed by the Company upto the tax year 2023 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).
- 17.2** The Company is mainly liable to pay tax due under sections 4C (Super tax on high earning persons) and 154 (Tax on export proceeds) of the Ordinance.
- 17.3** Income tax expense is recognised in each interim period based on best estimate. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate changes.

## 18. Contingencies and Commitments

- 18.1** There has been no significant change during the current period in the status of contingencies as reported in the audited financial statements of the Company for the year ended June 30, 2023.
- 18.2** Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs. 1,160.739 million as at December 31, 2023 (June 30, 2023: Rs. 1,168.974 million).
- 18.3** Foreign and local bills discounted outstanding as at December 31, 2023 aggregated Rs. 4,585.151 million (June 30, 2023: Rs. 7,378.998 million) and Rs. 922.638 million (June 30, 2023: Rs. 132.315 million) respectively.

| 18.4 |  | December 31,<br>2023 | June 30,<br>2023 |
|------|--|----------------------|------------------|
|      |  | (Un-audited)         | (Audited)        |
|      |  | Rupees in million    |                  |
| 18.4 | Commitments for irrevocable letters of credit: |                      |                  |
|      | - Capital expenditure                          | 13.796               | 58.634           |
|      | - Others                                       | 250.301              | 3,413.100        |
|      |  | 264.097              | 3,471.734        |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

|                                 | Half Year Ended December 31, |            | Quarter Ended December 31, |            |
|---------------------------------|------------------------------|------------|----------------------------|------------|
|                                 | 2023                         | 2022       | 2023                       | 2022       |
|                                 | -----(Un-audited)----        |            | -----(Un-audited)----      |            |
| 19. Sales                       | Rupees in thousands          |            | Rupees in thousands        |            |
| <b>Export</b>                   |                              |            |                            |            |
| - Yarn                          | 20,986,744                   | 13,117,458 | 9,029,277                  | 5,917,607  |
| - Cloth                         | 2,285,968                    | 5,256,287  | 917,609                    | 2,835,606  |
| - Waste                         | 64,592                       | 67,838     | 10,493                     | 27,344     |
| - Apparel                       | 1,398,980                    | 833,364    | 464,303                    | 472,980    |
|                                 | 24,736,284                   | 19,274,947 | 10,421,682                 | 9,253,537  |
| <b>Local (net of sales tax)</b> |                              |            |                            |            |
| - Yarn                          | 5,056,560                    | 2,337,425  | 2,989,384                  | 1,410,856  |
| - Cloth                         | 2,879,215                    | 1,282,053  | 2,113,749                  | 530,020    |
| - Waste                         | 648,296                      | 779,281    | 140,319                    | 365,969    |
| - Doubling / Sizing Income      | 12,439                       | 20,532     | 12,439                     | 10,209     |
| - Cotton                        | 1,055,444                    | 83,213     | 948,162                    | 19,923     |
| - Apparel                       | 26,754                       | 133,375    | 8,084                      | 18,081     |
|                                 | 9,678,708                    | 4,635,879  | 6,212,137                  | 2,355,058  |
|                                 | 34,414,992                   | 23,910,826 | 16,633,819                 | 11,608,595 |
| Less: Commission                | 436,131                      | 200,509    | 161,521                    | 109,947    |
|                                 | 33,978,861                   | 23,710,317 | 16,472,298                 | 11,498,648 |

## 20. Cost of Sales

|                                    |             |             |             |             |
|------------------------------------|-------------|-------------|-------------|-------------|
| Raw materials consumed             | 25,987,182  | 18,582,388  | 14,296,559  | 9,579,985   |
| Stores and spares consumed         | 732,571     | 321,496     | 385,976     | 157,133     |
| Packing materials consumed         | 242,143     | 174,012     | 129,047     | 90,393      |
| Salaries, wages and other benefits | 1,760,877   | 1,318,525   | 1,064,003   | 624,751     |
| Fuel and power                     | 2,348,562   | 1,670,043   | 1,442,280   | 838,201     |
| Repair and maintenance             | 36,883      | 31,675      | 19,146      | 14,973      |
| Depreciation                       | 812,587     | 487,393     | 420,583     | 253,965     |
| Insurance                          | 113,269     | 65,586      | 57,831      | 31,909      |
| Doubling charges                   | 97,782      | 39,675      | 24,894      | 13,810      |
|                                    | 32,131,856  | 22,690,793  | 17,840,319  | 11,605,120  |
| Adjustment of work-in-process      |             |             |             |             |
| Opening                            | 1,354,323   | 536,584     | 1,054,164   | 489,220     |
| Closing                            | (2,708,801) | (557,032)   | (2,708,801) | (557,032)   |
|                                    | (1,354,478) | (20,448)    | (1,654,637) | (67,812)    |
| Cost of goods manufactured         | 30,777,378  | 22,670,345  | 16,185,682  | 11,537,308  |
| Adjustment of finished goods       |             |             |             |             |
| Opening stock                      | 5,018,077   | 1,889,987   | 4,751,256   | 2,510,501   |
| Closing stock                      | (6,724,625) | (3,714,737) | (6,724,625) | (3,714,737) |
|                                    | (1,706,548) | (1,824,750) | (1,973,369) | (1,204,236) |
|                                    | 29,070,830  | 20,845,595  | 14,212,313  | 10,333,072  |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

| 21. Distribution Cost        | Half Year Ended December 31, |         | Quarter Ended December 31, |         |
|------------------------------|------------------------------|---------|----------------------------|---------|
|                              | 2023                         | 2022    | 2023                       | 2022    |
|                              | -----(Un-audited)----        |         | -----(Un-audited)----      |         |
|                              | Rupees in thousands          |         | Rupees in thousands        |         |
| Advertisement                | 10,223                       | 844     | 4,177                      | 442     |
| Export expenses              | 273,257                      | 282,944 | 123,038                    | 98,906  |
| Export development surcharge | 32,508                       | 16,955  | 18,558                     | 5,679   |
| Freight and other expenses   | 138,790                      | 264,478 | 92,119                     | 89,066  |
|                              | 454,778                      | 565,221 | 237,892                    | 194,093 |

## 22. Administrative Expenses

|                                   |         |         |         |         |
|-----------------------------------|---------|---------|---------|---------|
| Salaries and benefits             | 259,766 | 219,668 | 138,444 | 123,058 |
| Travelling and conveyance         | 230,302 | 92,835  | 115,437 | 4,938   |
| Rent, rates and taxes             | 2,895   | 4,237   | 1,124   | 1,048   |
| Entertainment                     | 56,415  | 35,662  | 29,855  | 7,659   |
| Utilities                         | 13,951  | 7,884   | 9,430   | 3,036   |
| Communication                     | 52,747  | 26,016  | 22,714  | 13,404  |
| Printing and stationery           | 15,602  | 13,168  | 10,857  | 8,066   |
| Insurance                         | 19,695  | 12,657  | 18,285  | 12,488  |
| Repair and maintenance            | 32,634  | 58,336  | 14,330  | 37,978  |
| Vehicles' running and maintenance | 36,604  | 29,741  | 19,555  | 12,778  |
| Fees and subscription             | 42,258  | 28,062  | 24,797  | 18,360  |
| Auditors' remuneration            | 1,674   | 310     | -       | 310     |
| Legal and professional charges    | 6,098   | 7,154   | 4,999   | 2,797   |
| Depreciation                      | 66,243  | 59,709  | 34,747  | 31,123  |
| Amortisation                      | 727     | 1,038   | 163     | 519     |
| General                           | 31,999  | 53,637  | 22,375  | 37,768  |
|                                   | 869,610 | 650,114 | 467,112 | 315,330 |

## 23. Taxation

|                  |          |          |   |   |
|------------------|----------|----------|---|---|
| - Current period | 420,000  | 319,850  | - | - |
| - Prior year     | (47,052) | (8,727)  | - | - |
| - Deferred       | 19,806   | (12,406) | - | - |
|                  | 392,754  | 298,717  | - | - |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

## 24. Segment Information

**24.1** Based on internal management reporting structure and products being produced and sold, the Company has been organized into three operating segments i.e. spinning, weaving and apparel. Information regarding the Company's reportable segments is presented below:

|                                   | Spinning                        | Weaving   | Apparel   | Total      |
|-----------------------------------|---------------------------------|-----------|-----------|------------|
|                                   | ----- Rupees in thousands ----- |           |           |            |
| <b>Six months period ended</b>    |                                 |           |           |            |
| <b>Dec. 31, 2023 (un-audited)</b> |                                 |           |           |            |
| <b>Revenue</b>                    | 22,961,356                      | 8,270,219 | 2,747,285 | 33,978,860 |
| <b>Segment results</b>            | 2,890,457                       | 522,133   | 121,053   | 3,533,643  |
| <b>Six months period ended</b>    |                                 |           |           |            |
| <b>Dec. 31, 2022 (un-audited)</b> |                                 |           |           |            |
| <b>Revenue</b>                    | 17,378,404                      | 5,335,627 | 996,286   | 23,710,317 |
| <b>Segment results</b>            | 1,264,810                       | 325,272   | 59,305    | 1,649,387  |

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

|                                       | December 31, 2023   | December 31, 2022 |
|---------------------------------------|---------------------|-------------------|
|                                       | Rupees in thousands |                   |
| Total results for reportable segments | 3,533,643           | 1,649,387         |
| Other expenses                        | (48,822)            | (92,878)          |
| Other income                          | 58,795              | 142,381           |
| Finance cost                          | (3,336,277)         | (1,464,438)       |
| Share of profit of Associates         | 394,091             | 174,462           |
|                                       | 601,430             | 408,914           |

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

|   | Spinning                        | Weaving    | Apparel   | Total      |
|---|---------------------------------|------------|-----------|------------|
|   | ----- Rupees in thousands ----- |            |           |            |
| <b>As at Dec. 31, 2023 (un-audited)</b> |                                 |            |           |            |
| <b>Segment assets</b>                   | 31,440,994                      | 10,960,064 | 5,939,635 | 48,340,693 |
| <b>Segment liabilities</b>              | 31,633,084                      | 4,436,547  | 4,194,513 | 40,264,144 |
| <b>As at June 30, 2023 (audited)</b>    |                                 |            |           |            |
| <b>Segment assets</b>                   | 30,441,899                      | 8,122,460  | 5,726,597 | 44,290,956 |
| <b>Segment liabilities</b>              | 28,006,547                      | 4,106,087  | 4,114,876 | 36,227,510 |

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

|   | As at Dec. 31, 2023 (un-audited) |             | As at June 30, 2023 (audited) |             |
|---|----------------------------------|-------------|-------------------------------|-------------|
|   | Assets                           | Liabilities | Assets                        | Liabilities |
|   | ----- Rupees in thousands -----  |             |                               |             |
| <b>Total for reportable segments</b>                | 48,340,693                       | 40,264,146  | 44,290,956                    | 36,227,511  |
| <b>Unallocated assets / liabilities</b>             | 7,117,360                        | 1,230,562   | 7,079,990                     | 1,388,766   |
| <b>Total as per statement of financial position</b> | 55,458,053                       | 41,494,708  | 51,370,946                    | 37,616,277  |

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

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

## Geographical Segments

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

## 25. Transactions with Related Parties

The related parties comprise of associated companies, undertakings and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties were as follows:

### Transactions with related parties for half year ended December 31,

| Relationship                      | Nature of Transactions | 2023                 | 2022    |
|-----------------------------------|------------------------|----------------------|---------|
|                                   |                        | ----(Un-audited)---- |         |
|                                   |                        | Rupees in thousands  |         |
| Associated Companies              | - sale of goods        | 152,042              | 98,454  |
|                                   | - purchase of goods    | 1,020,872            | 582,072 |
|                                   | - doubling charges     | -                    | 990     |
|                                   | - doubling revenue     | 25,593               | 16,140  |
|                                   | - dividend income      | 262,008              | 262,948 |
| Key management personnel          |                        |                      |         |
| - remuneration and other benefits |                        | 73,854               | 56,811  |

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

## 26. Financial Risk Management

### 26.1 Financial risk factors

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

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at and for the year ended June 30, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

### 26.2 Fair value estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Further, there were no reclassifications of financial assets.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

## 27. Corresponding Figures

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The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the period ended December 31, 2022.

## 28. Date of Authorisation for Issue

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These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 29, 2024.

sd/-

**Kh. Muhammad Ilyas**  
Chairman

sd/-

**Kh. Muhammad Younus**  
Chief Executive Officer

sd/-

**Yasir Ghaffar**  
Chief Financial Officer







### **Mahmood Textile Mills Limited**

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