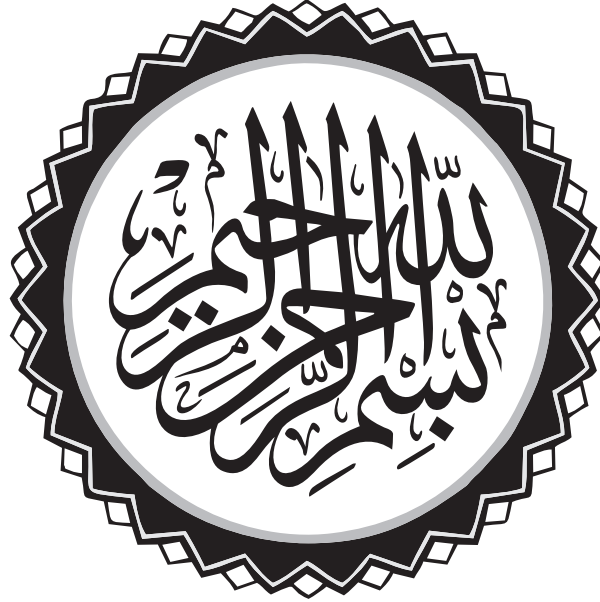


Annual Report 2020



MUBARAK

TEXTILE MILLS LIMITED



29th

ANNUAL REPORT

FOR THE YEAR ENDED

June 30, 2020

VISION STATEMENT

To Be Dynamic, Profitable and Growth Oriented Company

MISSION STATEMENT

To be a foremost company receptive to the needs of our Customers acknowledged for consistently providing fine Quality Product and services by understanding the behavior and preparing fully to meet the challenges of global Market standards and making best efforts in production planning quality of products and marketing strategies and so give consistent financial return to the shareholders on their investment.

ANNUAL REPORT 2020

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MUBARAK TEXTILE MILLS LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS

MR. ZULFIQAR ALI CHIEF EXECUTIVE OFFICER
CH. NASEER AHMED
MR. ABDUL SHAKOOR
MR. SHAKEEL AHMED
MR. IMTIAZ HUSSAIN QURESHI
MR. NADEEM ABBAS
MR. NAFEES IQBAL

AUDIT COMMITTEE

MR. NADEEM ABBAS CHAIRMAN
MR. SHAKEEL AHMED MEMBER
MR. NAFEES IQBAL MEMBER

COMPANY SECRETARY

MR. ABDUL SHAKOOR

CHIEF FINANCIAL OFFICER

M. BABAR KHAN

AUDITORS

ISHTIAQ AHMAD & CO.
CHARTERED ACCOUNTANT

SHARE REGISTRAR

HAMEED MAJEED ASSOCIATES (PVT) LTD.
H.M. HOUSE, 7-BANK SQUARE, LAHORE.

BANKERS

HABIB METROPOLITAN BANK LTD
FAYSAL BANK LIMITED

REGISTERED OFFICE / MILLS

20-KM OFF FEROZEPUR ROAD,
LAHORE, PAKISTAN.
TEL: 042-35950674 FAX: 042-35950675

WEB

www.mttmpk.com
info@mttmpk.com

E-Mail

mubarak_textile@yahoo.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 29th Annual General Meeting of the Shareholders of MUBARAK TEXTILE MILLS LIMITED, will be held on Wednesday the 28th day of October, 2020 at 11:00 a.m. at 20-KM Off Ferozepur Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting held on 08.02.2020.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports thereon for the year ended 30th June, 2020.
3. To appoint auditors for the year ending 30th June, 2021 and fix their remuneration.

ANY OTHER BUSINESS

4. To transact any other business with the permission of the Chair.

LAHORE
Dated: September 30, 2020

By Order of the Board
S/d
(ABDUL SHAKOOR)
Company Secretary

NOTES:

1. The share transfer books of the Company shall remain closed from 26th October, 2020 to 30th October, 2020 (both days inclusive) transfers received in order on 25th October, 2020 will be considered in time.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order, to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account/Sub Account and particular of participants I.D. numbers and account numbers in CDC, for identification purpose, and in case of proxy, to enclose an attested copy of his/her National Identity Card.
4. Shareholders are requested to notify the Company of any change in their addresses.

DIRECTORS' REPORT

Dear Members,
Assalam-o-Alaikum,

The Directors of the Company MUBARAK TEXTILE MILLS LTD are pleased to present Annual Report of the Company for the year ended 30th June, 2020 alongwith the financial statements and Auditors' report thereon.

FINANCIAL REVIEW:

	June, 2020	June, 2019
Sales/Processing Income	-	-
Operating Profit/(Loss)	(8,519,736)	(8,919,050)
Financial cost:	655	2,547
Taxation for year	1,704,448	1,658,203
Profit/(Loss) for the year	183,383	(712,004)
Profit/(Loss) per Share	(0.03)	(0.13)

The company earned profit before taxation for Rs. 1.888 (M) after providing for all the administrative and financial charges including depreciation for Rs. 2.925 (M) as compared to pre-tax profit of Rs. 0.946 (M) of the last year.

Due to over all crises to the industry and energy problem the Management of the company could not involve in any business activity to make viable the company. However the management is working over stitching of Knitwear garments on conversion basis shortly and hope will be successful to make the company profitable.

AUDITORS' REPORT TO THE MEMBERS:

In reply to the Auditors' observations your Directors have the following view:

1. Balance confirmation letters were sent to the Debtors & Creditors directly by the Auditors, and its responsibility of the parties to response and confirm the balances.
2. As far as the adverse opinion is concerned, the Management of the company has a view that through a Special resolution from Members of the Company Dated 31-10-2009 the approval was accorded to sale out the plant & Machinery and put the building on rent/lease. (Conversion of business), which the company is doing. We understand basis for adverse opinion is not fair and it should not qualify the report.

TRADING IN THE SHARES OF THE COMPANY:

No trading in the Shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

BOARD MEETING:

During the year 7 Board meeting were held, which were attended as follows.

1.	Mr. Zulfiqar Ali	7
2.	Mr. Imtaiz Hussain Qureshi	5
3.	Ch. Naseer Ahmad	5
4.	Mr. Nadeem Abbass	7
5.	Mr. Nafees Iqbal	6
6.	Mr. Abdul Shakoor	7
7.	Mr. Shakeel Ahmed	7

Leave of absence were granted to the directors who could not attend the board meeting.

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS:

PARTICULARS	2020	2019	2018	2017	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
PAID UP CAPITAL	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
FIXED ASSETS AT COST	139,099,569	142,024,924	145,114,408	148,378,344	26,762,861	27,746,431
ACCUMULATED DEPRECIATION	12,326,110	9,004,755	6,311,271	3,047,335	26,716,621	25,733,051
CURRENT ASSETS	14,086,334	12,290,174	11,385,158	12,092,227	12,067,687	12,291,962
CURRENT LIABILITIES	42,337,216	42,002,980	33,839,082	61,547,971	62,095,737	62,799,662
SALES	-	-	-	-	-	-
OTHER INCOME	10,408,222	9,867,796	8,317,916	8,170,998	7,324,106	7,305,252
PRE-TAX PROFIT/(LOSS)	1,887,831	946,199	(3,091,640)	(343,460)	192,966	8,508
TAXATION	1,704,488	1,658,203	1,149,949	1,225,194	946,886	474,177

AUDITORS:

The present auditors M/s. Ishtiaq Ahmad & Co. Chartered Accountant retired and being eligible offer themselves as external auditors of the Company for the year 2020-2021.

PATTERN OF SHARE HOLDING:

The pattern of shareholding is annexed to report. The statement is prepared in accordance with the code of Corporate Governance.

DIVIDEND

Due to tight liquidity position the board of Directors has decided to pass over the dividend.

CORPORATE GOVERNANCE.

As required by the Code of Corporate Governance (CCG), the Board of Directors hereby declares that:

1. The financial statements for the year ended June 30, 2020 present fair view of state of affairs; the result of its operations, Cash Flows and Changes is in equity.
2. The proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2020 and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standard (IAS) as applicable in Pakistan have been followed in the preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no doubt about the Company to continue as going concern.
7. There is no material departure from best practices of Corporate Governance as detailed in listing regulations.

LABOUR / MANAGEMENT RELATIONS

Relations between Management and the employees / workers remained cordial throughout the year. The management places on record its appreciation for the dedication and the hard work of the employees for the progress of the company and hope they will continue their cooperation and team spirit for the prosperity of the company.

For and on behalf of the Board

Lahore.
Dated: September 30, 2020

(Zulfiqar Ali)
Chief Executive Officer

ڈائریکٹرز رپورٹ

مبارک ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے ڈائریکٹران کمپنی کی سالانہ رپورٹ برائے سال 30 جون 2020 پیش کرتے ہیں۔

مالیاتی جائزہ	June, 2020	June, 2019
فروختگی خالص	-	-
آپریٹنگ منافع (نقصان)	(8,519,736)	(8,919,050)
فنانسنگ کا سٹ	655	2,547
ٹیکسیشن	1,704,448	1,658,203
منافع (نقصان) برائے سال	183,383	(712,004)
فی حصص (نقصان)	(0.03)	(0.13)

روان سال کمپنی نے ٹیکس سے پہلے (M) 1.888 روپے منافع کمایا تمام خرچے بشمول گھساوٹ (M) 2.925 روپے نکال کے بمقابلہ پچھلے سال کا منافع (M) 0.946 روپے۔
بوجہ ہوزری کاروباری مندی اور توانائی مسائل کی وجہ سے انتظامیہ کسی کاروبار میں ملوث نہ ہو سکی۔ کوشش ہے گارمنٹس نٹ ویئر کنورژن بنیادوں پر شروع کر کے کمپنی کو نفع مند بنایا جائے۔

کمپنی حصص کی خرید و فروخت

کمپنی حصص کے خرید و فروخت میں ڈائریکٹران، چیف ایگزیکٹو، چیف فنانشل آفسر، کمپنی سیکرٹری اور ان کے لواحقین نے کوئی حصہ نہیں لیا۔

بورڈ ممبران

روان سال کے دوران 7 بورڈ ممبران ہوں ہیں ہر ایک کی حاضری درج ذیل ہے۔

1- ذوالفقار علی	7
2- امتیاز حسین قریشی	5
3- چوہدری نصیر احمد	5
4- ندیم عباس	7
5- نفیس اقبال	6
6- عبدالشکور	7
7- شکیل احمد	7

بہترین کارپوریٹ طریقے:

ڈائریکٹرز بہترین کارپوریٹ طریقوں کو اپنانے کیلئے پُر عزم ہیں۔

- 1- ڈائریکٹرز کی کل تعداد سات ہے۔ جو سب مرد ہیں۔
- 2- بورڈ کے اندر ایک آزاد چارن ان ایگزیکٹو اور دو ایگزیکٹو ڈائریکٹرز ہیں۔
- 3- آڈٹ کمیٹی میں ندیم عباس (آزاد) شکیل احمد اور نفیس اقبال شامل ہیں۔
- 4- نان ایگزیکٹو اور آزاد ڈائریکٹرز صرف مینٹگ فیس کے حق دار ہیں۔

شیئر ہولڈنگ پیئر:

عمومی شیئر ہولڈنگ پیئر برائے 30 جون 2020 کو ڈ آف کارپوریٹ کے مطابق رپورٹ سے منسلک ہیں۔

منافع منقسم:

مالیاتی تنگی حالات کی وجہ سے مینجمنٹ نے منافع تقسیم مؤخر کیا ہے۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز اشتیاق اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں نیز قابلیت کی بناء پر انہوں نے دوبارہ تعیناتی کی پیشکش کی ہے۔

انتظامیہ ملازمین کے تعلقات:

انتظامیہ اور ملازمین کے تعلقات پُر جوش اور بھرپور رہے انتظامیہ ان کی محنت اور جذبہ وفاداری کی حوصلہ افزائی کرتی ہے اور امید کرتے ہیں کہ وہ آئندہ بھی کمپنی کی ترقی کیلئے اپنا تعاون جاری رکھیں گے۔

برائے بورڈ

(ذوالفقار علی)

چیف ایگزیکٹو آفیسر

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the code of Corporate Governance (the Code) contained in the Listing Regulations of the Pakistan Stock Exchange Ltd., for the purpose of establishing a frame work of good Governance, whereby a listed Company has applied the principles contained in the CCG in the following manners:

1. The Company encourages representation of independent Non-Executive Directors representing minority interest on its Board of Directors and at present Board includes:

Independent Director

MR. NADEEM ABBAS	Director
------------------	----------

Executive Directors

MR. ZULFIQAR ALI	CEO/Director
MR. ABDUL SHAKOOR	Director

Non-Executive Directors

CH. NASEER AHMED	Director
MR. IMTIAZ HUSSAIN QURESHI	Director
Mr. SHAKEEL AHMED	Director
MR. NAFEES IQBAL	Director

- i) The independent Director meet the criteria of independent under clause 5.19.1.(b) & regulation 6 of the CCG.
 - ii) Due to closed operations of the company since 2011, The female director of the board was not appointed.
2. The Directors have confirmed that none of them is serving as a Director in more than seven Listed companies including this company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any bank loan or DFI or an INBFI or not being a member of Exchange has been declared as a defaulted by the Exchange.
4. No casual vacancy occurred on the Board during the period under review.
5. The Company has prepared the statement of ethics and business practices to establish the standard of conduct and ensured that appropriate steps have been taken to disseminate it throughout the company which have been signed by the Directors and Employees of the company.
6. The Board have developed a Mission Statement overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved has been maintained.
7. All the powers of the Board have duly been exercised and the Board has taken decisions on material transactions including appointment, determination of remuneration and terms & conditions of employment of CEO and other Executive Directors, non-executive directors have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board meeting met at least once in every quarter. Written notices of the Board meeting along with agenda and working papers were circulated at least seven days before the meeting. The minutes were appropriately circulated.
9. The Board of Directors of the Company are aware of their responsibilities and fully conversant with the provisions of the Companies Act 2017 and all other business and regulatory laws and the provisions of Memorandum & Articles of Association required for managing the affairs of the Company on behalf of Shareholders.
10. The Board has approved the appointment of CFO, Company Secretary and head of internal audit including their remuneration and terms & conditions of employment as determined by the Chief Executive Officer.

11. The Directors Report for this year has been prepared in compliance with requirement of the code and fully describes all the matters to be disclosed.
12. The Financial Statements of the company were duly endorsed by CEO, and CFO before approval of the Board.
13. The Directors, CEO and Executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee comprising of three members out of which two are non-executive Directors and Chairman of Committee is an executive Director.
16. The meeting of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. Due to closed operations of the company since 2011, The internal audit functions was closed as there was no need.
18. The statutory Auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children's do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants(IFAC) guidance of Code of ethics as adopted by institute of Chartered Accountants of Pakistan.
19. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.
20. The Board has formed an HR and remuneration Committee, it comprises of three members, of whom two are non-executive Directors and Chairman of the Committee is executive Director.
21. The closed period, prior to announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to the Directors, employees & stock exchange(s).
22. Material / price sensitive information has been disseminating among all market participants at once through Stock Exchange(s).
23. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board

Lahore.
Dated: September 30, 2020

(Zulfiqar Ali)
Chief Executive Officer

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the regulations) prepared by the Board of Directors of Mubarak Textile Mill Limited (the Company) for the year ended 30 June 2020 in accordance with the requirement of [regulation 36] of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors statement on internal controls covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance(s) of non-compliance with the requirement(s) of the Regulations was/were observed which is/are not stated in the Statement of Compliance.

- 1- Independent Director [Regulation 6]
- 2- Female Director [Regulation 7]
- 3- Audit Committee [Regulation 27]

Based on our review, except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended 30 June 2020.

Lahore
Dated: September 30, 2020

ISHTIAQ AHMAD & CO.
CHARTERED ACCOUNTANT
ENGAGEMENT PARTNER
Safder Zia

STATEMENTS OF ETHICS & GOOD BUSINESS PRACTICES

1. Company's interest & loyalty.
2. Contribution to society & human well being.
3. Avoid harm to others.
4. Honesty to Trustworthiness.
5. Respect the privacy of others.
6. Honor confidentiality.
7. Strive to achieve the highest quality, effectiveness and dignity in both process of product.
8. Acquire and maintain professional competence.
9. Know and respect laws pertaining to professional work.
10. Accept and provide appropriate professionalreview.

AUDITORS' REPORT TO THE MEMBERS**Adverse Opinion**

To the members of MUBARAK TEXTILE MILLS Limited Report on the Audit of the Financial Statements Adverse Opinion We have audited the annexed financial statements of Mubarak Textile Mills Limited ['the Company'], which comprise the statement of financial position as at June 30, 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion because of the significance of the matters discussed in the basis of adverse opinion of our report, the accompanying Financial Statements do not give a true and fair view of the Financial Position of the Company's affairs as at 30th June, 2020 and of its Financial Performance and its Cash flows for the year then ended in accordance with the International Reporting Financial Standards (IFRS).

Basis for Adverse Opinion

We conducted our audit in accordance with International Standards on Auditing ['ISAs'] as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ['the Code'] and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, we report that:

We did not receive direct balance confirmation from parties, including debtors amounting to Rs. 9.853 Million, creditors amounting Rs. 21.890 Million. Further, other alternative procedure also could not be performed to obtain sufficient and appropriate audit evidence. The company has also not performed any age analysis of debtors in compliance with the requirements of IFRS-7. In the absence of sufficient and appropriate audit evidence, the balances remained unconfirmed and unverified and, we were unable to assess any impairment of the said balances.

As discussed in note 2.1, the company has ceased its operations since 2011, the company has generated a profit Rs. 0.183 Million during the current year and the company's current liabilities exceed its current assets by Rs. 15.545 Million as on June 30, 2020. These events indicates substantial doubt that company's ability to continue as a going concern and therefore unable to realize its assets and discharge its liabilities in normal course of business. Due to the significance of these, the company's going concern assumption seems inappropriate.

We didn't receive direct balance confirmation from a bank namely Faysal Bank Limited, Multan Cantt with a balance of Rs. 3,107/- and also Faysal Bank Limited, New Garden Town, Lahore with a balance of Rs. 12,097/- as at June 30, 2020. Further, other alternative procedures also could not be performed to obtain sufficient and appropriate audit evidence. In the absence of sufficient and appropriate audit evidence, the balance remained unconfirmed, unverified and resultantly we are unable to determine that whether adjustment might have been necessary in respect of the bank balance and any related adjustment in the profit and loss account.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Basis for Adverse Opinion section. We have determined that there are no other key audit matters to communicate in our report.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Safder Zia (FCA).

Lahore
Dated: September 30, 2020

ISHTIAQ AHMAD & CO.
CHARTERED ACCOUNTANT
ENGAGEMENT PARTNER
Safder Zia

BALANCE SHEET AS AT JUNE 30, 2020

	NOTE	2020 Rupees	2019 Rupees
NON CURRENT ASSETS			
Property and Equipment	3	139,099,569	142,024,924
Long Term Deposits	4	1,770,408	1,414,408
		140,869,977	143,439,332
CURRENT ASSETS			
Trade debtors	5	9,853,293	9,184,983
Loans and advances	6	15,000	38,000
Deposits and prepayments	7	1,753,779	1,059,006
Tax refunds due from the Government	8	1,636,039	1,636,039
Cash & bank balances	9	828,223	372,146
		14,086,334	12,290,174
		154,956,311	155,729,506
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Share capital	10	54,000,000	54,000,000
Unappropriated loss		(94,095,071)	(96,569,903)
Surplus on Revaluation of Property and Equipment	11	122,978,628	125,232,565
Shareholders equity		82,883,557	82,662,662
NON CURRENT LIABILITIES			
Long term loan	12	41,036,988	41,036,988
Employee benefit obligation	13	1,300,228	965,992
		42,337,216	42,002,980
CURRENT LIABILITIES			
Trade & other payable	14	27,927,128	29,395,283
Provision for taxation	15	1,704,448	1,564,619
		29,631,576	30,959,902
Unclaimed Dividend		103,962	103,962
Contingencies and Commitments	16	-	-
		154,956,311	155,729,506

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive Officer

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales / Processing receipts		-	-
Cost of Goods sold		-	-
Gross Profit / (Loss)		-	-
OPERATING EXPENSES			
Administrative	17	8,519,736	8,919,050
Operating Loss		(8,519,736)	(8,919,050)
Other operating income	18	10,408,222	9,867,796
		1,888,486	948,746
Finance cost	19	655	2,547
Net Profit / Loss for the year before taxation		1,887,831	946,199
Taxation	20	1,704,448	1,658,203
Net Profit / Loss for the year after taxation		183,383	(712,004)
BASIC Profit / LOSS PER SHARE	21	0.03	(0.13)

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive Officer

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Note</u>	<u>2020 Rupees</u>	<u>2019 Rupees</u>
Net Profit / Loss for the year		183,383	(712,004)
Other Comprehensive Income:		-	
Gratuity		37,512	164,339
Incremental depreciation transferred from revaluation surplus 11		2,253,937	2,375,333
Total Comprehensive Income		<u><u>2,474,832</u></u>	<u><u>1,827,668</u></u>

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive Officer

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 RUPEES	2019 RUPEES
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES			
Cash generated from operation	22	3,072,124	464,775
Taxes paid		(2,259,392)	(1,173,071)
Finance cost paid		(655)	(2,547)
Net cash inflow / (outflow) from operating activities		812,077	(710,843)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES			
Increase in long term deposit		(356,000)	-
Net cash (outflow) / inflow from investing activities		(356,000)	-
CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES			
Long term loan		-	1,000,000
Net cash (outflow) / inflow from financing activities		-	1,000,000
Net increase/(decrease) in cash & cash equivalents		456,077	289,157
Cash & cash equivalents as at July 01, 2019		372,146	82,989
Cash & cash equivalents as at June 30, 2020	23	828,223	372,146

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive Officer

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020**

	PAID UP CAPITAL	ACCUMULATED (LOSS) (RESTATED)	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
	(-----RUPEES-----)			
Balances as at June 30, 2018	54,000,000	(98,397,571)	127,607,898	83,210,327
Add: Revaluation Surplus during the year	-	-	-	-
Less: Incremental depreciation during the year	-	-	(2,375,333)	(2,375,333)
Total Comprehensive Income / (Loss) for the year ended June 30, 2019	-	1,827,668	-	1,827,668
Balances as at June 30, 2019	54,000,000	(96,569,903)	125,232,565	82,662,662
Less: Incremental depreciation during the year	-	-	(2,253,937)	(2,253,937)
Total Comprehensive Income / (Loss) for the year ended June 30, 2020	-	2,474,832	-	2,474,832
	<u>54,000,000</u>	<u>(94,095,071)</u>	<u>122,978,628</u>	<u>82,883,557</u>

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive Officer

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 THE COMPANY AND ITS OPERATIONS:

Mubarak Textile Mills Limited (the company) was incorporated on 11th August, 1991 as a Private Limited Company and was subsequently converted into a Public Limited Company with its shares quoted on Pakistan Stock Exchange. The registered office of the company is situated at 20 k.m off Ferozepur road Lahore. The Project was a composite Knitwear unit comprising of Knitting, Dying, Finishing, Embroidery & stitching. The Mill is located at 20 k.m off Ferozepur Road in district Lahore in the province of the Punjab.

2 SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF COMPLIANCE

2.1 Basis of accounting:

The company has ceased its operation in 2011. The company has earned a profit of Rs. 0.183 million and total comprehensive gain of Rs. 2.475 million during the year its accumulated losses as at June 30, 2020 were Rs. 94.095 million. As of this date, the company's current liabilities exceeded its current assets by Rs. 15.545 million. These factors raise substantial doubts that company will be able to continue as a going concern and therefore may be unable to realize its assets or discharge its liabilities in the normal course of business.

The management has planned to enter in trading business in the near future, however to sustain the current working capital requirements the management has leased out its property (building).

These financial statements have been prepared on a going concern basis on the assumption that the company would be able to obtain the working capital for its planned business.

These financial statements do not include adjustments relating to recoverability and classification of recorded assets amount and classification of liabilities that may be necessary to continue as a going concern.

2.2 Statement of compliance:

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017. Wherever, if the requirement of the Companies Act, 2017 or directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Act, 2017 or the requirements of the said directives shall take precedence.

2.3 New Standards, amendments to approved accounting standards and new interpretations

The following international financial reporting standards (IFRS standards) as notified under the Companies Act, 2017 and the amendments and interpretations will be effective for accounting period beginning on or after 01 Jan, 2020.

IFRS 3 Definition of business

IFRS 1 Presentation of financial statements (Amended)

IFRS 8 Accounting policy, changes in accounting estimates and errors (Amended)-Conceptual frame work for financial reporting (revised)

IFRS 9 Interest rate benchmark (Amended)

IFRS 14 Regulatory deferral accounts (effective for annual period beginning or after July 01, 2019).

The above mentioned standards shall have no material impact on the financial reporting of the company.

2.4 Accounting convention

These financial statements have been prepared under the Historical Cost Convention and modified by revaluation of land, building, property and equipment during the financial year ended 30th June, 2017.

2.5 FINANCIAL INSTRUMENTS AND MEASUREMENT

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss:

Financial asset at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables:

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non current assets. Loan and receivables are classified as trade debts, loan and advances, deposits in the balance sheet.

c) Available-for-sale financial assets:

Available-for-sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within twelve months from the balance sheet date.

d) Held to maturity:

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity and are carried at amortized cost.

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction cost for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expressed in the profit and loss account.

The fair value of quoted investments are based on current prices. If the market for the financial asset is not active (and for unlisted securities), the company measures the investment at cost less impairment in value if any.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value, loans and receivables and held to maturity investments are carried at amortized cost using effective interest rate method.

Financial assets are derecognized when the right to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities

All financial liabilities are recognized at the time when the company becomes a party to the contractual provision of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

Derivative financial instruments

These are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Off-Setting**2.6 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated and impairment losses are recognized.

2.7 Staff retirement Benefits

The company operates an un-funded Gratuity Scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision for gratuity is made annually to cover obligation under the scheme. In accordance with the actuarial recommendations. Liability is provided annually on the basis of last drawn salary, length of service of the employee.

2.8 Property and equipment

Property and Equipments are stated at cost or revaluation less accumulated depreciation except freehold land which is stated at cost or revaluation. Surplus arising out of revaluation of Property and Equipment is directly transferred to "Surplus on Revaluation of Property and Equipment".

Depreciation is charged to income applying the reducing balance method at the rates specified in note 3. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain and losses on disposal of assets is taken to profit and loss account.

2.9 Assets subject to finance lease

Leases of property and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance cost are charged to the Profit and Loss Account over the lease period. Property and equipment acquired under finance leases are depreciated at the rates stated in note 3.

2.10 Taxation**2.10.1 Current**

Provision for current taxation is based on the taxable income at the current rates of taxation (it may be pointed out that the taxable income falls under the presumptive tax regime) after taking into account tax credits and tax rebates available, if any.

2.10.2 Deferred

As company has ceased its operation its sole income is from income from property. Therefore, company was not required to provide the deferred taxation as there will be no timing difference as per IAS-12 "Income Taxes".

2.11 Store and spares

These are valued at moving average cost.

2.12 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events; it is probable

that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.13 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand with banks and short term borrowing.

2.14 Revenue recognition

The income of the company wholly consists of rent from property.

The company has entered into rent agreements for a tenure of three years, rent is received in advance on monthly basis.

2.15 Foreign Currency translation

Transactions in foreign currencies are translated into Pak rupees at the rates of the exchange approximately those prevailing on the date of transactions. Monetary assets and liabilities at rates of exchange ruling on the balance sheet date. Exchange differences are included in profit and loss account currently.

2.16 Borrowing Cost

Borrowing cost related to the financing of major projects is capitalized. All other borrowing costs are expensed as incurred.

2.17 Trade Debtors

Trade debtors originated by the company are recognized and carried at original invoice less any allowance for any uncollectible amounts. Known bad debts, if any, are written-off and provision is made against debts considered doubtful.

2.18 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the accounts.

2.19 Trade and other payables

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

3 PROPERTY AND EQUIPMENT

2020										
Particulars	COST / REVALUATION				DEPRECIATION					W.D.V.
	As at July 01, 2019	Additions / Deletions	Adjustment	As at June 30, 2020	Rate %	As at July 01, 2019	Adjustment	Charged for the year	To June 30, 2020	As at June 30, 2020
OWNED:										
Land - freehold	84,875,000	-	-	84,875,000	-	-	-	-	-	84,875,000
Building on freehold land	63,636,000	-	-	63,636,000	5	7,640,297	-	2,799,785	10,440,082	53,195,918
Electric installations	1,075,000	-	-	1,075,000	10	247,788	-	82,721	330,509	744,491
Fire fighting equipment	102,220	-	-	102,220	10	93,669	-	855	94,524	7,696
Tube well	92,000	-	-	92,000	10	21,206	-	7,079	28,285	63,715
Sui gas installation	947,099	-	-	947,099	10	800,918	-	14,618	815,536	131,563
Vehicles	698,360	-	-	698,360	20	596,877	-	20,297	617,174	81,186
Rupees	151,425,679	-	-	151,425,679		9,400,755	-	2,925,355	12,326,110	139,099,569
2019										
Particulars	COST / REVALUATION				DEPRECIATION					W.D.V.
	As at July 01, 2018	Additions / Deletions	Adjustment	As at June 30, 2019	Rate %	As at July 01, 2018	Adjustment	Charged for the year	To June 30, 2019	As at June 30, 2019
OWNED:										
Land - freehold	84,875,000	-	-	84,875,000	-	-	-	-	-	84,875,000
Building on freehold land	63,636,000	-	-	63,636,000	5	4,693,155	-	2,947,142	7,640,297	55,995,703
Electric installations	1,075,000	-	-	1,075,000	10	155,875	-	91,913	247,788	827,212
Fire fighting equipment	102,220	-	-	102,220	10	92,719	-	950	93,669	8,551
Tube well	92,000	-	-	92,000	10	13,340	-	7,866	21,206	70,794
Sui gas installation	947,099	-	-	947,099	10	784,676	-	16,242	800,918	146,181
Vehicles	698,360	-	-	698,360	20	571,506	-	25,371	596,877	101,483
Rupees	151,425,679	-	-	151,425,679		6,311,271	-	3,089,484	9,400,755	142,024,924

3.1 As company has ceased its operations therefore all depreciation has been charged to Administrative expenses

	<u>Note</u>	<u>2020</u> <u>Rupees</u>	<u>2019</u> <u>Rupees</u>
4 LONG TERM DEPOSITS			
Comprise of securities/deposits in respect of:			
Telephone		31,000	31,000
Electricity		167,880	167,880
Gas cylinder		1,537,700	1,181,700
Other		33,828	33,828
		<u>1,770,408</u>	<u>1,414,408</u>
5 TRADE DEBTORS			
Un Secured - Considered Good		<u>9,853,293</u>	<u>9,184,983</u>
These are related to local sales and processing receipts and are unsecured but considered good by the management. However it shall be noted that the company has not maintained any aging for the debtors past due but not impaired as per IFRS - 7 Financial Instruments: Disclosures. Moreover no impairment of receivables was charged during the year.			
6 LOANS AND ADVANCES			
Employees - Considered Good		<u>15,000</u>	<u>38,000</u>
7 DEPOSITS AND PREPAYMENTS			
Advance income tax		<u>1,753,779</u>	<u>1,059,006</u>
8 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		1,531,023	1,531,023
Income tax refundable		105,016	105,016
		<u>1,636,039</u>	<u>1,636,039</u>
9 CASH AND BANK BALANCES			
Cash In hand		597,607	339,584
Cash with banks			
- current accounts		230,616	32,562
		<u>828,223</u>	<u>372,146</u>
10 SHARE CAPITAL			
Authorized			
8,000,000 (2019: 8,000,000) Ordinary shares of Rs. 10 each		<u>80,000,000</u>	<u>80,000,000</u>
Issued subscribed and paid up			
5,400,000 (2019: 5,400,000) Ordinary shares of Rs. 10 each			
Issue for cash		<u>54,000,000</u>	<u>54,000,000</u>
11 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT			
Revaluation of Property and Equipment has been carried out on June 20, 2003, by independent valuers M/s Hamid Mukhtar & Co. (Pvt) Ltd registered surveyors and valuation consultants on the basis of market value in respect of land, building and plant and machinery respectively and verified by M/s Yousaf Adil & Co. Chartered Accountants and subsequently revaluation was again carried out in respect of land, building and electric equipments by independent valuers M/s Surval on December 23, 2016 on the basis of market value and further verified by Ilyas Saeed & Co. Chartered Accountants.			

	<u>Note</u>	<u>2020</u> <u>Rupees</u>	<u>2019</u> <u>Rupees</u>
<u>Surplus on revaluation of Property and Equipment:</u>			
Opening balance		125,232,565	127,607,898
Surplus during the year			-
Incremental depreciation for the year			
transferred to statement of comprehensive income		(2,253,937)	(2,375,333)
		<u>122,978,628</u>	<u>125,232,565</u>

11.1 Surplus on revaluation of operating Property and Equipment to the extent of depreciation charged on appreciated value of corresponding operating Property and Equipment has been transferred to statement of comprehensive income.

12	LONG TERM LOANS	Note	2020	2019
	Un secured		Rupees	Rupees
	- Sponsor	12.1	41,036,988	41,036,988
12.1	Term of these interest free loans have not yet been settled. These loans, however, are being considered by the company's management on long term basis. As the repayment terms of loans have not been finalized. Amortized cost of these loans as required by IAS-39 (Financial Instruments Recognition and Measurement) cannot be calculated with reliability.			
13.	EMPLOYEE BENEFIT OBLIGATION	Note	2020	2019
			Rupees	Rupees
13.1	The amounts recognised in the statement of financial position are determined as follows:			
	Present value of the defined benefit obligation		1,300,228	965,992
	Fair value of planned assets		-	-
			1,300,228	965,992
13.2	The amounts recognised in the statement of profit or loss:			
	Current service costs		234,094	228,272
	Interest cost		137,654	74,482
			371,748	302,754
13.3	Changes in the present value of the defined benefit obligation are as follows			
	Opening defined benefit obligation		965,992	827,577
	Service cost		234,094	228,272
	Interest cost		137,654	74,482
	Actuarial losses (gains)		(19,903)	13,806
	Experience adjustments		(17,609)	(178,145)
			1,300,228	965,992
13.4	Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are as follows:			
	Discount rate used for Interest Cost in P&L Charge		14.25%	9.00%
	Discount rate used for year end obligation		9.00%	9.00%
	Salary increase used for year end obligation			
	Salary Increase FY2020		N/A	13.25%
	Salary Increase FY2021		7.50%	13.25%
	Salary Increase FY2022		7.50%	13.25%
	Salary Increase FY2023		7.50%	13.25%
	Salary Increase FY2024 onward		7.50%	13.25%
	Next salary is increased at		1-Jul-20	1-Jul-19
	Mortality Rates		SLIC 2001-2005 Setback 1Year	SLIC 2001-2005 Setback 1Year
	Withdrawal Rates		Age-Based (per appendix)	Age-Based (per appendix)
	Retirement Assumption		Age 60	Age 60
		Note	2020	2019
			Rupees	Rupees
14	TRADE AND OTHER PAYABLES			
	Trade creditors		21,890,208	25,118,966
	Accrued expenses		3,624,304	2,013,616
	Other Liabilities		2,412,616	2,262,701
			27,927,128	29,395,283
15	PROVISION FOR TAXATION	Note	2020	2019
			Rupees	Rupees
	Opening balance		1,564,619	1,149,949
	Add: Provision for the year		1,704,448	1,564,619
			3,269,067	2,714,568
	Less: Paid during the year-2019		1,564,619	1,149,949
			1,704,448	1,564,619

15.1 Income/ Loss declared by the company for the financial year ending 30 June, 2019 (tax year 2019) have been deemed to be assessed as declared as per section 120 of the Income Tax Ordinance, 2001.

15.2 As company has ceased its operation its sole income is from income from property. Therefore, company was not required to provide for deferred taxation as there will be no timing difference as per IAS-12 income taxes.

16 Contingencies and Commitments

There is no contingency and commitment as at year end (2019 : nil)

17 Administrative expenses

	Note	2020 Rupees	2019 Rupees
Salaries and benefits		3,595,652	3,298,684
Traveling and conveyance		82,800	71,960
Communication expenses		103,692	95,664
Printing & stationery		31,687	18,911
Rent, rates and taxes		103,937	85,884
Fee and subscription		408,020	399,160
Entertainment		85,195	66,222
Repair & maintenance		444,306	313,934
Auditors' remuneration	17.1	187,500	187,500
Advertisement & Publicity		120,970	69,425
Legal & professional charges		141,821	1,009,417
Power and fuel		288,801	212,805
Depreciation	3	2,925,355	3,089,484
Miscellaneous		-	-
		8,519,736	8,919,050

17.1 Auditors' remuneration

Statutory audit	177,500	177,500
Out of pocket expenses	10,000	10,000
	187,500	187,500

18 OTHER OPERATING INCOME

Rental Income	7,942,440	7,290,863
Creditors Writeback	2,465,782	2,576,933
	10,408,222	9,867,796

19 FINANCE COST

Bank charges	655	2,547
	655	2,547

20 TAXATION

This relates to:

Current year	1,704,448	1,564,619
Prior year	-	93,584
	1,704,448	1,658,203

21 BASIC EARNING LOSS PER SHARE

Profit/Loss after Taxation attributable to ordinary shareholders	183,383	(712,004)
	Number of shares	
No. of ordinary shares issued and subscribed at the end of the year	5,400,000	5,400,000
	R u p e e s	
Profit/Loss per share	0.03	(0.13)

21.1 There is no dilutive effect on the basic earning/ (Loss) per share.

22 CASH GENERATED FROM OPERATIONS

Profit /(loss) before taxation		1,887,831	946,199
Adjustment for non cash charges and other items:			
Depreciation	3	2,925,355	3,089,484
Non- cash employee benefits expenses		371,748	302,754
Finance cost		655	2,547
		3,297,758	3,394,785
Working capital changes	22.1	(2,113,465)	(3,824,878)
		3,072,124	516,106

22.1 WORKING CAPITAL CHANGES

(increase) / decrease in current assets

Trade debtors

Loans and advances

Increase/ (decrease) in current liabilities

Trade and other payables

Note	2020 Rupees	2019 Rupees
	(668,310)	(617,090)
	23,000	(17,900)
	(645,310)	(634,990)
	(1,468,155)	(3,189,888)
	(2,113,465)	(3,824,878)

23 CASH AND CASH EQUIVALENTS

Cash and bank balances

828,223	372,146
---------	---------

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**Financial assets and liabilities****Financial assets**

Long term deposits

Trade debtors

Loans and advances

Deposits and prepayments

Cash and bank balance

2020					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
	-	-	-	1,770,408	1,770,408
	-	-	9,853,293	-	9,853,293
	-	-	15,000	-	15,000
	-	-	1,753,779	-	1,753,779
	-	-	828,223	-	828,223
	-	-	12,450,295	1,770,408	14,220,703

Financial assets

Long term deposits

Trade debtors

Loans and advances

Deposits and prepayments

Cash and bank balance

2019					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
	-	-	-	1,414,408	1,414,408
	-	-	9,184,983	-	9,184,983
	-	-	38,000	-	38,000
	-	-	1,059,006	-	1,059,006
	-	-	372,146	-	372,146
	-	-	10,654,135	1,414,408	12,068,543

Financial Liabilities

Long term loans

Short term borrowing-Secured

Accrued markup on short term
running finance

Employee benefit obligation

Trade and other payables

2020					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
	-	-	-	41,036,988	41,036,988
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	1,300,228	1,300,228
	-	-	27,927,128	-	27,927,128
	-	-	27,927,128	42,337,216	70,264,344

Financial Liabilities

Long term loans

Short term running finance

Accrued markup on short term
running finance

Employee benefit obligation (Restated)

Trade and other payables

2019					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
	-	-	-	41,036,988	41,036,988
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	965,992	965,992
	-	-	29,499,245	-	29,499,245
	-	-	29,499,245	42,002,980	71,502,225

24.1 FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to foreign exchange risk arising from various currency exposures. Company uses forward exchange contracts, to hedge their exposure to foreign currency risk in the local reporting currency. For financial reporting purposes, Company designates contracts with Company's bankers as fair value hedges or cash flow hedges, as appropriate.

(a) Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	June 30, 2020	June 30, 2019
Long term deposits	1,770,408	1,414,408
Trade debtors	9,853,293	9,184,983
Deposits and prepayments	1,753,779	1,059,006
Cash and bank balances	828,223	372,146

(b) Interest / Mark up rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for loans obtained from the financial institutions.

(c) Capital Management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

(d) Foreign currency risk

Foreign currency risk may arise against receivable export sale to foreign undertakings, but the company is not exposed to major currency risk.

(e) Liquidity risk

Liquidity risk reflects company's inability in raising funds to meet commitments. The management closely monitors company's liquidity and cash flow position to ensure adequate liquidity and manage the assets keeping in view the liquidity position.

24.2 Fair value of assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximated their fair value.

25 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration, including certain benefits to the chief executive and executive of the company is as follows;

Description	2020			2019		
	Chief Executive	Working Directors	Executives	Chief Executive	Working Directors	Executives
Basic salary	-	-	-	-	-	-
House rent	-	-	-	-	-	-
Other allowances	-	-	-	-	-	-
	-	-	-	-	-	-
No. of persons	1	1	-	1	1	-

25.1 The chief Executive officers and working Director is not drawing any remuneration from the company.

26 PRESENTATION CURRENCY

All the transactions of the company are Rupees based.

27 NUMBER OF EMPLOYEES

2020 **2019**

The no. of employees as at year end

12 **11**

Average no. of employees during the year

12 **11**

28 RATED CAPACITY AND ACTUAL PRODUCTION

The rated capacity and capacity attained was not disclosed as all the plant and machinery were disposed off by the company in the preceding financial year.

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30th September, 2020 by the Board of Directors of the company.

30 GENERAL

30.1 Figures have been rounded off to the nearest rupee.

Mr. Zulfiqar Ali
Chief Executive

Mr. Babar Khan
Chief Financial officer

Mr. Nafees Iqbal
Director

Form 34
(Section 236)
Pattern of Holding of Shareholders
As on June 30, 2020

Number of shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
76	1 -	100	2,558	0.05
438	101 -	500	215,742	4.00
31	501 -	1000	30,600	0.57
36	1001 -	5000	94,500	1.75
13	5001 -	10000	111,600	2.07
5	10001 -	15000	61,500	1.14
1	15001 -	20000	16,000	0.30
2	25001 -	30000	55,500	1.03
1	30001 -	35000	31,500	0.58
1	35001 -	40000	40,000	0.74
1	50001 -	55000	55,000	1.02
1	65001 -	70000	66,000	1.22
1	80001 -	85000	82,500	1.53
1	90001 -	95000	93,500	1.73
1	100001 -	105000	100,500	1.86
1	405001 -	410000	409,000	7.57
1	3930001 -	3935000	3,934,000	72.85
611			5,400,000	100.00

Sr.#	Name	No of Shareholders	Shares Held	Percentage of Capital
1.	Directors, Chief Executive Officer, their spouse and minor children	7	5,500	0.1019
2.	General Public (Local)	597	5,311,499	98.3611
3.	Others	7	83,001	1.5371
	Total	611	5,400,000	100.0000

PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Sr.#	Name	Shares Held	Percentage of Capital
Directors, Chief Executive Officer, their spouse and minor children			
1	MR. SHAKEEL AHMED	1,000	0.0185
2	MR ZULFIQAR ALI	1,000	0.0185
3	CH. NASEER AHMAD	1,000	0.0185
4	MR. NAFEES IQBAL	500	0.0093
5	MR. IMTIAZ HUSSAIN QURESHI.	500	0.0093
6	MR. NADEEM ABBAS	500	0.0093
7	MR. ABDUL SHAKOOR	1,000	0.0185
Running Total of: Directors, Chief Executive Office, and their spouse and minor children		5,500	0.1019
Banks Developments Financial Institutions, Non Banking Financial Institutions			
1	TIME SECURITIES (PVT.) LTD.	10,500	0.1944
2	MAPLE LEAF CAPITAL LIMITED	1	0.0000
3	CAPITAL VISION SECURITIES PVT LIMITED	500	0.0093
4	CAPITAL VISION SECURITIES (PVT) LTD.	2,000	0.0370
5	RS PUBLISHERS (PRIVATE) LIMITED	3,000	0.0556
6	HUSSAIN MILLS LIMITED	66,000	1.2222
7	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,000	0.0185
Running Total of: Banks Developments Financial Institutions, Non Banking Financial Institutions		83,001	1.5371
General Public (Local)		5,314,999	98.3611
GRAND TOTAL		5,400,000	100.0000
Shareholders having more than 5% Shares			
1	MR. REHAN AHMED	3,934,000	72.8519
2	MR. MUZAFFAR AHMAD	409,000	7.5741
TOTAL		4,343,000	80.4259

MUBARAK TEXTILE MILLS LIMITED

FORM OF PROXY

Please quote Reg. folio Number

--

I/We _____

of _____

Being a Member of Mubarak Textile Mills Limited, Hereby appoint

(NAME)

_____ another Member of the Company or failing

(NAME)

of _____

(Being a Member of the Company) as my / our Proxy to attend, act and vote for me / us and on my / our behalf, at the 29th Annual General Meeting of the Company to be held on Wednesday, 28th October, 2020 at 20-km Off Ferozepur Road, Lahore, at 11.00 a.m. and at any adjournment thereof.

As witness my hand this _____ Day of _____ 2020

Signed by _____

In the presence of _____

Folio No.	CDC Account No.	
	Participant I.D	Account No.

Affix Revenue
Stamps of
appropriate Value

Note:

1. This form of proxy duly completed must be deposited at the Company's Registered office at 20-km Off Ferozepur Road, Lahore or company's shares registrar Hameed Majeed Associates (Pvt.) LTD. HM House, 7 Bank square, Lahore not less than 48 hours before the time of meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities
In Addition to the above, the following requirements have to be met.
 - a) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - b) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - c) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (Unless it has been provided earlier along-with proxy form to the Company)

سی ڈی سی اکاؤنٹ نمبر	فولیو نمبر
اکاؤنٹ نمبر	شرکت دار کی شناخت

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔