

# 2015

## ANNUAL REPORT



**Masood Textile Mills Limited**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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## COMPANY INFORMATION

<b>CHAIRMAN</b>	:	MR. NASEER AHMAD SHAH
<b>CHIEF EXECUTIVE OFFICER</b>	:	MR. SHAHID NAZIR AHMAD
<b>DIRECTORS</b>	:	MR. MUHAMMAD ARSHAD
	:	MR. MATLOOB HUSSAIN
	:	MR. FAZAL AHMAD
	:	MR. SHOAIB AHMAD KHAN (Nominee-NIT)
	:	MISS CHEN YAN (Nominee-Shanghai Challenge Textile Co. Ltd.)
<b>COMPANY SECRETARY</b>	:	MIAN ABDUL BARI
<b>CHIEF FINANCIAL OFFICER</b>	:	MR. MUHAMMAD SHAHID NAVEED
<b>AUDIT COMMITTEE</b>	:	MR. FAZAL AHMAD (Chairman)
	:	MR. MATLOOB HUSSAIN
	:	MR. MUHAMMAD ARSHAD
<b>HR &amp; REMUNERATION COMMITTEE</b>	:	MR. MUHAMMAD ARSHAD (Chairman)
	:	MR. NASEER AHMAD SHAH
	:	MR. MATLOOB HUSSAIN
<b>AUDITORS</b>	:	M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
<b>SHARE REGISTRAR</b>	:	ORIENT SOFTWARE & MANAGEMENT SERVICES (PVT) LIMITED 35-Z, AMEER PLAZA, OPP: MUJAHID HOSPITAL, COMMERCIAL CENTRE, MADINA TOWN, FAISALABAD. PHONE: 041-8711930-8715759 FAX: 041-8711930
<b>REGISTERED OFFICE</b>	:	UNIVERSAL HOUSE, 17/1, NEW CIVIL LINES, BILAL ROAD, FAISALABAD. PHONE: 041-2600176-276 FAX: 041-2600976
<b>MILLS</b>	:	32-K.M., SHEIKHUPURA ROAD, FAISALABAD.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad on Saturday, 31<sup>st</sup> October, 2015 at 11:00 A.M. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on 31<sup>st</sup> October, 2014.
2. To receive and adopt the Audited Accounts of the Company for the financial year ended 30th June, 2015.
3. To approve the payment of cash dividend @ 43.50% (Rs. 4.35 per ordinary share), as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the financial year ending 30th June, 2016. M/s Riaz Ahmad & Company, Chartered Accountants, retire and being eligible offer themselves for their re-appointment.
5. To consider any other business that may be placed before the meeting with the permission of the chair.

**FOR AND ON BEHALF OF THE BOARD**

**Faisalabad: 06 October, 2015**

**(COMPANY SECRETARY)**

### NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 29th October to 05th November, 2015 (both days inclusive) for the determination of entitlement of cash dividend on Ordinary Shares. Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 28th October, 2015 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 29th October to 05th November, 2015 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. (Rs.1.19 per share). Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 28th October, 2015 will be treated in time.
3. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at the Registered Office of the Company, duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith. However, Preference Shareholders are not entitled to attend the meeting, since Preference Shares carry no voting rights.



4. Share holders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.
  
5. Share holders are requested to notify any change in their addresses immediately. The share holders claiming exemption from Zakat are required to file their Declaration with our Share Registrar. Moreover, the share holders who have not yet submitted their Computerized National Identity Cards to the Company are requested once again to send them at their earliest, in compliance to the instructions of Securities & Exchange Commission of Pakistan for printing CNIC # on Dividend Warrants.

## DIRECTORS' REPORT TO THE MEMBERS

We have the honor to present our 31st Annual Report, comprising of Annual Accounts of the Company for the financial year ended 30th June, 2015 along with Auditors' Report thereon and other required information prescribed under the Code of Corporate Governance. The financial results of the Company for the year under discussion reflect an increase of 10.66 % in sales which was increased from Rupees 24,371.128 Million to Rupees 26,967.899 Million during the year under review. The Net profit for the year before taxation was reduced from Rupees 1,174.144 Million to Rupees 1,032.150 Million, thus reflecting net decrease of 0.53% of sale. The declared financial results was reduced due to increase in cost of production on account of general inflationary trend of cost components including increase in minimum wages coupled with depreciation of US Dollar compared to Pak Rupees for export realization compared to previous year. Despite all, the management employed its aggressive efforts to enhance efficiency and value added productivity to achieve improved financial results by reducing the negative impact of above factors. The comparative financial results of the Company are reproduced, hereunder:

	2015 (RUPEES IN THOUSAND)	2014
<b>SALES</b>	26,967,899	24,371,128
<b>COST OF SALES</b>	(22,988,317)	(20,435,316)
<b>GROSS PROFIT</b>	3,979,582	3,935,812
<b>DISTRIBUTION COST</b>	(1,472,973)	(1,159,311)
<b>ADMINISTRATIVE EXPENSES</b>	(477,492)	(443,232)
<b>OTHER EXPENSES</b>	(54,498)	(61,996)
	(2,004,963)	(1,664,539)
	1,974,619	2,271,273
<b>OTHER INCOME</b>	60,424	45,327
<b>PROFIT FROM OPERATION</b>	2,035,043	2,316,600
<b>FINANCE COST</b>	(1,002,893)	(1,142,456)
<b>PROFIT BEFORE TAXATION</b>	1,032,150	1,174,144
<b>TAXATION</b>	(278,037)	(235,845)
<b>PROFIT AFTER TAXATION</b>	754,113	938,299
<b>EARNINGS PER SHARE - BASIC (RUPEES)</b>	11.88	14.95
<b>-DILUTED (RUPEES)</b>	11.34	14.17

Pursuant to availing fruits of GSP-plus status granted by European Union to Pakistan, effective since First January, 2014 we have increased our export volume with European customers without reducing the volume of our exports to America and Canada, during the year under review. However, we continued our efforts to find out new customers to increase our margins. Accordingly, a moderate expansion was made under BMR to enhance efficiency and value added productivity to meet the requirements of our European along with existing customers. This was required to accelerate our efforts to attract new customers to capture further business opportunities. In view of above, we are confident enough to achieve better financial results in future due to encouraging business environment and marketing strategy to enhance export volume with existing customers.

Keeping in view the continuous payout history of the Company, your Directors have recommended 43.50 % cash dividend (Rupees 4.35 per share) for holders of Ordinary Shares for the financial year, under review.

In addition to Ordinary Shares, the Company had originally issued 60.000 million Preference Shares of the value of Rupees 600.000 million to the financial institutions to meet its funds requirements. After expiry of their maturity, the process of their redemption continued at the option of the Company. During the financial year under review, sixth redemption of 500,000 Preference Shares was affected, as per our obligation. Under the agreed terms and conditions, Preferred Dividend of Rupees 1.19 per share has been computed against balance 34,833,334 Preference Shares on the basis of average six months KIBOR+200 bps p.a.

During the financial year under review, a material information was conveyed to the Stock Exchanges as to acquisition of 14 621 274 shares (equal to 24.36 % of the Company's Ordinary Shareholding) by a Chinese Company, namely " Shanghai Challenge Textile Co. Ltd., through a privately negotiated deal. It nominated Miss Chen Yan on the Board of Directors. She was appointed as Director on the Board, in place of, the outgoing Director, Mr. Shahid Iqbal. The Board has expressed its joy and pleasure over the inclusion of Chinese Director.

Subsequent to the close of the financial year, another Chinese Company, namely Zhejiang Xinao Industry Co. Ltd. acquired 7 636 550 shares (equal to 12.73 % of the Company's Ordinary Shareholding) through a privately negotiated deal. We welcome the Chinese investment in the textile sector of our motherland. It is hoped that the business of our Company will further flourish due to transfer of technical knowhow and marketing/production synergies available due to Chinese investors as our partners.

Keeping in view the relevant provisions of Corporate Governance-2012, the Directors are pleased to state that financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity. Proper books of accounts have been maintained. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained. The Directors further state that the system of internal control is sound in design and has been effectively implemented and monitored. There are no significant doubts upon the Company's ability to continue as a going concern.



Five meetings of the Board of Directors were held during the financial year, with the following attendance:

<b>S.No</b>	<b>Name fo Directors</b>	<b>No. of Meetings Attended</b>
1.	Mr. Naseer Ahmad Shah	5
2.	Mr. Shahid Nazir Ahmad	2
3.	Mr. Muhammad Arshad	5
4.	Mr. Matloob Hussain	5
5.	Mr. Shahid Iqbal	3
6.	Mr. Fazal Ahmad	5
7.	Mr. Shoaib Ahmad Khan (Nominee-NIT)	3
8.	Miss Chen Yan (Nominee-Shanghai Challenge Tex.Co.Ltd.)	0

Likewise, five meetings of the Audit Committee were held during the financial year, with the following attendance:

<b>S.No</b>	<b>Name fo Directors</b>	<b>No. of Meetings Attended</b>
1.	Mr. Fazal Ahmad	5
2.	Mr. Matloob Hussain	5
3.	Mr. Shahid Iqbal	3
4.	Mr. Muhammad Arshad	2

M/s Riaz Ahmed & Company, Chartered Accountants, retire and being eligible, offer themselves for their re-appointment. As advised by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the next financial year ending 30th June, 2016.

The Statement of Compliance with the Code of Corporate Governance is enclosed. Annexed to the Directors' Report, we are enclosing our comparative financial data for the last six years. We are also enclosing Form-34 containing the pattern of share holding along with prescribed additional information, as on 30th June, 2015.

In the last, we express our satisfaction for maintaining discipline and healthy atmosphere by the workers at their work places. We also extend our appreciation to our executives for employing their hard working in achieving their targets successfully. Thanks to our customers, suppliers, bankers, advisers and shareholders for their continued support and guidance. We are confident enough to continue our journey with the co-operation and collaboration of our Chinese partners.

**FOR AND ON BEHALF OF THE BOARD**

**Faisalabad: 06 October, 2015**

**(SHAHID NAZIR AHMAD)**  
**Chief Executive Officer**



SIX YEARS FINANCIAL RESULTS

(RUPEES IN THOUSAND)

	2015	2014	2013	2012	2011	2010
<b>SALES</b>	26,967,899	24,371,128	22,744,589	19,274,793	18,524,930	14,720,830
<b>COST OF SALES</b>	(22,988,317)	(20,435,316)	(18,838,816)	(16,052,482)	(15,552,188)	(12,085,511)
<b>GROSS PROFIT</b>	3,979,582	3,935,812	3,905,773	3,222,311	2,972,742	2,635,319
<b>DISTRIBUTION COST</b>	(1,472,973)	(1,159,311)	(1,270,852)	(910,442)	(828,796)	(836,458)
<b>ADMINISTRATIVE EXPENSES</b>	(477,492)	(443,232)	(385,512)	(310,523)	(283,558)	(219,050)
<b>OTHER EXPENSES</b>	(54,498)	(61,996)	(59,613)	(65,641)	(53,016)	(94,351)
	(2,004,963)	(1,664,539)	(1,715,977)	(1,286,606)	(1,165,370)	(1,149,859)
	1,974,619	2,271,273	2,189,796	1,935,705	1,807,372	1,485,460
<b>OTHER INCOME</b>	60,424	45,327	45,486	62,863	60,649	14,242
<b>PROFIT FROM OPERATIONS</b>	2,035,043	2,316,600	2,235,282	1,998,568	1,868,021	1,499,702
<b>FINANCE COST</b>	(1,002,893)	(1,142,456)	(1,105,926)	(999,338)	(923,074)	(595,274)
<b>SHARE OF LOSS FROM ASSOCIATE</b>	-	-	(160)	-	-	-
<b>PROFIT BEFORE TAXATION</b>	1,032,150	1,174,144	1,129,196	999,230	944,947	904,428

## **VISION STATEMENT**

- A leading producer of textile products by providing the highest quality of products and services to its customers.
- To strive excellence through commitment, integrity, honesty and team work.
- Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the company.
- To develop and extremely motivated and professional trained work force, which would drive growth through innovation and renovation.
- Sustained growth in earning in real terms.

## **MISSION STATEMENT**

Our mission is to be a dynamic, profitable and growth oriented company by providing good return on investment to its shareholders and investors, quality products to its customers, a secured and friendly environment place of work to its employees and to project Pakistan's image in the international market.

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2015**

This statement is being prescribed to comply with the Code of Corporate Governance contained in Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the code in the following manner:

1. The Company encourages representation of independent non-executive directors representing minority interests on its Board of Directors. At present the Board includes.

<u>Category</u>	<u>Names</u>
Independent Director :	Mr. Shoaib Ahmad Khan
Executive Director :	Mr. Shahid Nazir Ahmad
Non-Executive Directors :	Mr. Naseer Ahmad Shah, Mr. Muhammad Arshad Mr. Fazal Ahmad, Mr. Matloob Hussain, Miss Chen Yan

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 loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy was occurred on the Board during the financial year due to resignation of Mr. Shahid Iqbal. Miss Chen Yan was appointed in place of the outgoing Director, for the remainder period. She represented "Shanghai Challenge Textile Co. Ltd., China", on the Board. Other Directors continued to conduct the business of the company, as before.
5. The Company has prepared a 'Code of Conduct' to ensure that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, were taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board and the Board met at least once in every quarter. Written Notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board managed to arrange the prescribed training programme for its Directors. During the financial year, Mr. Muhammad Arshad carried out Orientation Course, from the Institute of Chartered accountants of Pakistan to acquaint him with the code, applicable laws, his duties and responsibilities to enable him to effectively manage the affairs of the Company.



10. The Board has already approved appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required 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 Executives 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. It comprises of three non-executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company, as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three non-executive directors including the Chairman of the Committee.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company' securities, was determined and intimated to the directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with, except those towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

**For Masood Textile Mills Limited**

**Faisalabad:  
06 October, 2015**

**(SHAHID NAZIR AHMAD)  
Chief Executive Officer**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Director **MASOOD TEXTILE MILLS LIMITED** ("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of the respective Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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 Code 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only require and have insured 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 determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**Name of Engagement Partner:**  
**Mubashar Mehmood**

**Date: 06 October, 2015**  
**FAISALABAD**



## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **MASOOD TEXTILE MILLS LIMITED** ("the Company") as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**Name of Engagement Partner:**  
Mubashar Mehmood

**Date: 06 October, 2015**  
**FAISALABAD**



**BALANCE SHEET AS**

	NOTE	2015 (RUPEES IN THOUSAND)	2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
125 000 000 (2014 : 125 000 000 ) ordinary shares of Rupees 10 each		1,250,000	1,250,000
60 000 000 (2014 : 60 000 000 ) preference shares of Rupees 10 each		600,000	600,000
		<u>1,850,000</u>	<u>1,850,000</u>
<b>Issued, subscribed and paid up share capital</b>	3	948,333	953,333
<b>Reserves</b>	4	<u>5,507,259</u>	<u>4,865,452</u>
<b>Total equity</b>		6,455,592	5,818,785
<b>Surplus on revaluation of freehold land</b>	5	606,233	606,233
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	949,443	1,523,918
Liabilities against assets subject to finance lease	7	93,849	87,331
Deferred liability for gratuity	8	431,923	426,889
		1,475,215	2,038,138
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,205,160	2,445,831
Accrued mark-up	10	155,647	224,442
Short term borrowings	11	11,044,430	9,933,466
Current portion of non-current liabilities	12	750,675	810,797
Provision for taxation		278,037	235,845
		<u>14,433,949</u>	<u>13,650,381</u>
<b>TOTAL LIABILITIES</b>		15,909,164	15,688,519
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>22,970,989</u>	<u>22,113,537</u>

The annexed notes form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**





**AT 30 JUNE 2015**

	NOTE	2015 (RUPEES IN THOUSAND)	2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	6,582,729	5,772,898
Long term advances	15	713	3,819
Long term security deposits		50,183	50,707
		6,633,625	5,827,424
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	16	1,010,124	1,137,030
Stock in trade	17	5,275,563	7,215,963
Trade debts	18	6,911,990	5,415,608
Loans and advances	19	315,190	574,559
Short term deposits and prepayments	20	550,694	497,242
Other receivables	21	1,106,224	1,000,862
Cash and bank balances	22	1,167,579	444,849
		16,337,364	16,286,113
<b>TOTAL ASSETS</b>		22,970,989	22,113,537

**DIRECTOR**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 (RUPEES IN THOUSAND)	2014
SALES	23	26,967,899	24,371,128
COST OF SALES	24	(22,988,317)	(20,435,316)
GROSS PROFIT		3,979,582	3,935,812
DISTRIBUTION COST	25	(1,472,973)	(1,159,311)
ADMINISTRATIVE EXPENSES	26	(477,492)	(443,232)
OTHER EXPENSES	27	(54,498)	(61,996)
		(2,004,963)	(1,664,539)
		1,974,619	2,271,273
OTHER INCOME	28	60,424	45,327
PROFIT FROM OPERATIONS		2,035,043	2,316,600
FINANCE COST	29	(1,002,893)	(1,142,456)
PROFIT BEFORE TAXATION		1,032,150	1,174,144
TAXATION	30	(278,037)	(235,845)
PROFIT AFTER TAXATION		754,113	938,299
EARNINGS PER SHARE - BASIC (RUPEES)	31	11.88	14.95
- DILUTED (RUPEES)	31	11.34	14.17

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	754,113	938,299
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	19,014	332
Items that may be reclassified subsequently to profit or loss	-	-
	19,014	332
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>773,127</b>	<b>938,631</b>

The annexed notes form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 (RUPEES IN THOUSAND)	2014 (RUPEES IN THOUSAND)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	32	3,160,133	601,455
Finance cost paid		(1,071,688)	(1,102,319)
Income tax paid		(293,218)	(316,532)
Dividend paid to ordinary shareholders		(89,618)	(104,606)
Dividend paid to preference shareholders		(41,320)	(50,431)
Gratuity paid		(158,547)	(82,078)
Net decrease in long term advances		3,106	2,235
Net decrease/ (increase) in long term security deposits		524	(15,603)
<b>Net cash from / (used in) operating activities</b>		1,509,372	(1,067,879)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		40,763	15,567
Capital expenditure on property, plant and equipment		(1,247,430)	(693,823)
Proceeds from sale of investment in associate		-	160
<b>Net cash used in investing activities</b>		(1,206,667)	(678,096)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		132,000	87,597
Repayment of long term financing		(754,035)	(668,530)
Repayment of preference shares		(5,000)	(41,667)
Repayment of liabilities against assets subject to finance lease		(63,904)	(55,557)
Short term borrowings - net		1,110,964	2,343,349
<b>Net cash from financing activities</b>		420,025	1,665,192
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		722,730	(80,783)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		444,849	525,632
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR ( NOTE 22 )</b>		1,167,579	444,849

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

SHARE CAPITAL	RESERVES						TOTAL	TOTAL EQUITY
	CAPITAL			REVENUE				
	Share Premium	Redemption Fund	Sub Total	General	Unappropriated Profit	Sub Total		

(RUPEES IN THOUSAND)

<b>Balance as at 30 June 2013</b>	995,000	400,000	133,333	533,333	714,500	2,834,419	3,548,919	4,082,252	5,077,252
Preference shares repaid	(41,667)	-	-	-	-	-	-	-	(41,667)
Transferred from capital redemption reserve fund	-	-	(41,667)	(41,667)	-	41,667	41,667	-	-
Transferred to capital redemption reserve fund	-	-	41,667	41,667	-	(41,667)	(41,667)	-	-
Dividend at the rate of Rupees 1.75 per share (Ordinary shares)	-	-	-	-	-	(105,000)	(105,000)	(105,000)	(105,000)
Dividend at the rate of Rupees 1.27 per share (Preference shares)	-	-	-	-	-	(50,431)	(50,431)	(50,431)	(50,431)
Profit for the year	-	-	-	-	-	938,299	938,299	938,299	938,299
Other comprehensive income for the year	-	-	-	-	-	332	332	332	332
Total comprehensive income for the year	-	-	-	-	-	938,631	938,631	938,631	938,631
<b>Balance as at 30 June 2014</b>	953,333	400,000	133,333	533,333	714,500	3,617,619	4,332,119	4,865,452	5,818,785
Preference shares repaid	(5,000)	-	-	-	-	-	-	-	(5,000)
Transferred from capital redemption reserve fund	-	-	(5,000)	(5,000)	-	5,000	5,000	-	-
Dividend at the rate of Rupees 1.50 per share (Ordinary shares)	-	-	-	-	-	(90,000)	(90,000)	(90,000)	(90,000)
Dividend at the rate of Rupees 1.16 per share (Preference shares)	-	-	-	-	-	(41,320)	(41,320)	(41,320)	(41,320)
Profit for the year	-	-	-	-	-	754,113	754,113	754,113	754,113
Other comprehensive income for the year	-	-	-	-	-	19,014	19,014	19,014	19,014
Total comprehensive income for the year	-	-	-	-	-	773,127	773,127	773,127	773,127
<b>Balance as at 30 June 2015</b>	<b>948,333</b>	<b>400,000</b>	<b>128,333</b>	<b>528,333</b>	<b>714,500</b>	<b>4,264,426</b>	<b>4,978,926</b>	<b>5,507,259</b>	<b>6,455,592</b>

The annexed notes form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

### **1. THE COMPANY AND ITS OPERATIONS**

Masood Textile Mills Limited is a public limited company incorporated under the companies Act, 1913 (Now Companies Ordinance, 1984) and listed on the stock exchanges in Pakistan. Its registered office is situated at Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the company are manufacturing and sale of cotton/synthetic fiber yarn, knitted/dyed fabrics and garments.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

#### **2.1 Basis of Preparation**

##### **a) 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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

##### **b) Accounting Convention**

These financial statements have been prepared under the historical cost convention except for the following:

- Deferred liability for the staff retirement benefits which is recognized on the basis of actuarial valuation (Note 8).
- Land grouped in operating fixed assets which is carried at revalued amount (Note 14.1).

##### **c) Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the company's financial statements or where judgments were exercised in application of accounting policies are as follows:

##### **Deferred liability for staff retirement benefits**

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and monthly rates. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

##### **Taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

**Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

**Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**Provision for doubtful debts / receivables**

The Company reviews its receivable balances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

**d) Amendments to published approved standards that are effective in current year and are relevant to the Company**

The following amendments to published approved standards and interpretation are mandatory for the Company's accounting periods beginning on or after 01 July 2014:

IAS 19 (Amendments) 'Employees Benefits' (effective for annual periods beginning on or after 01 January 2014). This amendments applies to contribution from employees or third parties to defined benefit plans. The objective of amendment is to simplify the accounting for contribution that are independent of the number of the year of employees service, for example, employee contributions that are calculated according to a fixed percentage of salary.

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014): Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010–2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IAS 24 'Related Party Disclosures', which are considered relevant to the Company's financial statements. These amendments are

effective for annual periods beginning on or after 01 July 2014. The amendments to IFRS 8 require an entity to disclose the judgments made by the management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Further, the amendment to IFRS 8 clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of the above amendments and interpretation does not result in any impact on profit or loss, other comprehensive income / (loss) and total comprehensive income / (loss).

**e) Amendments to published standards that are effective in current year but not relevant to the Company**

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**f) Standards and amendments to published standards that are not yet effective but relevant to the Company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.



IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

**g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**2.2 Staff retirement benefit**

The company operates unfunded gratuity scheme for its employees. Provision is made in the books of account on the basis of actuarial computation subject to a maximum of 8.33 percent of salary of the employees. Latest actuarial valuation has been made as at 30 June 2015 by the consulting actuaries using Projected Unit Credit Actuarial Cost Method.

### **2.3 Foreign currency**

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or at the contracted rates, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

### **2.4 Taxation**

#### **Current**

The company falls in the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made in the financial statements accordingly. However, provision for tax on other income is based on taxable income at the current rates after considering the rebates and tax credits available, if any.

#### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

### **2.5 Property, plant, equipment and depreciation**

#### **a) Owned**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land which is stated at cost/appreciated value less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss. Cost of property, plant and equipment signifies historical cost, applicable exchange differences (upto 30 September 2004), appreciated value, borrowing cost pertaining to erection / construction period as referred in Note 2.7 and directly attributable cost of bringing the assets to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

**b) Leased – Finance Lease**

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Gain on sale and lease back of operating fixed assets is deferred and amortized over the lease term and loss on sale and lease back of operating fixed assets is recognized in profit and loss account. Assets so acquired are depreciated over their expected useful life.

**c) Leased – Operating lease**

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight line basis over the lease term.

**d) Depreciation**

Depreciation on property, plant and equipment is charged to income on reducing balance method at the rates given in Note 14.1 to write off the cost over their expected useful life. The company charges depreciation on additions from the date when the asset is available for use and on deletions up to the date when asset is derecognized. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

**e) De-recognition**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

**2.6 Inventories**

Inventories, except for stock in transit and waste stock/rags are stated at lower of cost and net realizable value. Cost is determined as follows:

**Stores, spare parts and loose tools**

Useable stores and spare parts are valued principally at moving average cost, while items considered obsolete are carried at Nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

**Stock in trade**

Cost of raw material, work -in-process and finished goods is determined as follows:

- i) For raw materials - Annual average basis.
- ii) For work-in-process and finished goods - Average manufacturing cost including a portion of production over heads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon, waste stock/rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

## **2.7 Borrowing cost**

Interest, mark-up and other charges on long term liabilities are capitalized upto the date of commissioning of respective fixed assets acquired out of the proceeds of such long term liabilities. All other interest, mark-up and other charges are charged to profit and loss account.

## **2.8 Provisions**

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

## **2.9 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 such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except for the property, plant and equipment stated under revaluation model in which case it is adjusted against the revaluation surplus. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account except for the property, plant and equipment stated under revaluation model in which case it is adjusted against the revaluation surplus.

## **2.10 Revenue recognition**

Revenue from different sources is recognized as under:

- Revenue from sales is recognized on delivery of goods to customers.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

## **2.11 Share capital**

Ordinary and preference shares are classified as equity.

## **2.12 Financial Instruments**

Financial instruments carried on the balance sheet include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which are measured initially at fair value.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit and loss account currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item.

**2.13 Trade and other receivables**

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

**2.14 Borrowings**

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

**2.15 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

**2.16 Offsetting**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

**2.17 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

**2.18 Dividend and transfer of reserves**

Dividend and transfers among reserves are treated as post balance sheet non-adjusting events. Hence, do not qualify for provision in the financial statements in accordance with the requirements of IAS-10 'Events after the reporting period'. These transfers are, therefore, recorded in the next year's financial statements.

**2.19 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its segments separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable operating segments: i) Spinning (Producing different qualities of yarn), ii) Knitting (Producing knitted fabric from yarn), iii) Processing and Garments (Processing of greige fabric for production of dyed and white fabric and manufacturing of variety of garments from processed fabric).

Transaction among the operating segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

**3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

2015 (NUMBER OF SHARES)	2014		2015 (RUPEES IN THOUSAND)	2014
60 000 000	60 000 000	Ordinary shares of Rupees 10 each fully paid in cash	600,000	600,000
34 833 334	35 333 334	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 3.1 & 3.2)	348,333	353,333
<u>94 833 334</u>	<u>95 333 334</u>		<u>948,333</u>	<u>953,333</u>

**3.1 Movement during the year**

35 333 334	39 500 000	As at 01 July	353,333	395,000
500 000	4 166 666	Cumulative preference shares (non-voting) of Rupees 10 each repaid during the year	5,000	41,667
<u>34 833 334</u>	<u>35 333 334</u>		<u>348,333</u>	<u>353,333</u>

**3.2** The Company issued cumulative preference shares as at 30 June 2005, which are listed on Lahore Stock Exchange, to finance the working capital requirements and fixed capital expenditure.

**Terms of redemption**

**a) Conversion option**

Preference shareholders have the option to serve a notice to the company to convert one third of the preference shares along with accumulated dividend into ordinary shares of the company after the expiry of four years from the date of issuance in any conversion year at a discount of 15 percent to immediately preceding 30 calendar days' average market value. Upon receiving the conversion notice, the company will have the option to repay the preference shares along with the accumulated dividend for which conversion notice has been issued within one month of receiving thereof or issue ordinary shares to preference shareholders.

**b) Call option**

The company has the option to redeem the preference shares after four years of the issuance in part in multiples of 10 percent upto 100 percent from the preference shareholders. The call price would be Rupees 10 per share plus the entire accumulated preference share dividend, if any.



# MASOOD TEXTILE MILLS LIMITED

## 6.1 Long term loans

LENDER	2015	2014	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST PAYABLE	SECURITY
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(RUPEES IN THOUSAND)

### 6.1.1 Demand Finances / Long Term Finances for Export Oriented Projects:

United Bank Limited	9,000	-	3 Months KIBOR+2.00%	Sixteen, quarterly	27 August 2016	Quarterly	First charge on specific machinery
United Bank Limited	80,000	-	3 Months KIBOR+2.00%	Sixteen, quarterly	27 August 2016	Quarterly	First charge on specific machinery
United Bank Limited	43,000	-	3 Months KIBOR+2.00%	Sixteen, quarterly	24 September 2016	Quarterly	First charge on specific machinery
United Bank Limited	-	2,425	7%	Twenty four, quarterly	15 February 2008	Quarterly	First charge on specific machinery
United Bank Limited	-	937	7%	Twenty four, quarterly	31 March 2008	Quarterly	First charge on specific machinery
United Bank Limited	2,815	5,067	10%	Twenty four, quarterly	19 December 2010	Quarterly	First charge on specific machinery
United Bank Limited	3,319	5,533	10%	Twenty four, quarterly	20 January 2011	Quarterly	First charge on specific machinery
United Bank Limited	982	1,544	10.25%	Twenty four, quarterly	10 May 2011	Quarterly	First charge on specific machinery
United Bank Limited	680	1,133	10.25%	Twenty four, quarterly	03 June 2011	Quarterly	First charge on specific machinery
United Bank Limited	693	1,385	10.50%	Twenty, quarterly	29 July 2011	Quarterly	First charge on specific machinery
United Bank Limited	5,959	8,607	10.50%	Twenty four, quarterly	12 October 2011	Quarterly	First charge on specific machinery
United Bank Limited	19,864	31,216	12.60%	Sixteen, quarterly	12 April 2013	Quarterly	First charge on specific machinery
United Bank Limited	12,993	19,489	12.60%	Sixteen, quarterly	10 September 2013	Quarterly	First charge on specific machinery
United Bank Limited	11,473	16,572	12.60%	Sixteen, quarterly	03 October 2013	Quarterly	First charge on specific machinery
United Bank Limited	24,694	34,572	11.10%	Sixteen, quarterly	18 January 2014	Quarterly	First charge on specific machinery
United Bank Limited	19,298	26,315	10.90%	Sixteen, quarterly	02 April 2014	Quarterly	First charge on specific machinery
Habib Bank Limited	2,394	7,182	10%	Twenty one, quarterly	09 January 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	9,697	22,626	10%	Twenty one, quarterly	22 February 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	5,049	9,088	10%	Twenty one, quarterly	18 August 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	6,523	9,784	10.50%	Twenty one, quarterly	26 May 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	23,397	33,796	10.50%	Twenty one, quarterly	29 July 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	12,480	18,027	10.50%	Twenty one, quarterly	06 August 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	17,193	24,834	10.50%	Twenty one, quarterly	17 September 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	1,370	1,917	10.50%	Twenty one, quarterly	21 October 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	2,348	3,202	11.20%	Twenty one, quarterly	28 March 2013	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Ltd.	5,496	16,487	10.40%	Eight, half yearly	30 January 2012	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Ltd.	7,349	22,484	11.10%	Eight, half yearly	30 January 2012	Quarterly	First charge on specific machinery
Pak Oman Investment Company Limited	5,602	7,848	11.20%	Twenty two, quarterly	15 July 2012	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Co.(Pvt) Ltd.	12,964	15,844	10.00%	Thirty eight, quarterly	24 July 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Co.(Pvt) Ltd.	6,779	10,727	10.25%	Thirty eight, quarterly	05 September 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Co.(Pvt) Ltd.	20,766	25,382	10.25%	Thirty eight, quarterly	20 September 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Co.(Pvt) Ltd.	3,650	5,746	12.60%	Eighteen, quarterly	13 December 2012	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Co.(Pvt) Ltd.	27,732	41,660	12.60%	Eighteen, quarterly	03 January 2013	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Co.(Pvt) Ltd.	19,839	28,659	12.50%	Eighteen, quarterly	18 April 2014	Quarterly	First charge on specific machinery
NIB Bank Limited	165,182	225,248	10.90%	Sixteen, quarterly	08 April 2014	Quarterly	First charge on specific machinery
NIB Bank Limited	13,805	18,991	10.90%	Sixteen, quarterly	01 November 2014	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	2,387	3,752	10.25%	Twenty eight, quarterly	11 May 2010	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	2,439	2,952	10.25%	Thirty two, quarterly	19 June 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	2,317	2,780	10.50%	Thirty two, quarterly	28 July 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	11,231	13,478	10.50%	Thirty two, quarterly	24 August 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	41,797	49,757	10.50%	Thirty two, quarterly	20 October 2012	Quarterly	First charge on specific machinery
The Bank of Punjab	2,909	14,544	10.40%	Sixteen, quarterly	31 October 2011	Quarterly	First charge on specific machinery
The Bank of Punjab	6,811	19,832	11.10%	Sixteen, quarterly	15 January 2012	Quarterly	First charge on specific machinery
The Bank of Punjab	52,954	67,075	10.90%	Twenty, quarterly	03 May 2014	Quarterly	First charge on specific machinery
	<b>729,030</b>	<b>876,497</b>					

### 6.1.2 Syndicate Term Finance - II:

Allied Bank Limited	102,716	154,074	3 Months KIBOR+1.50%	Sixteen, quarterly unequal instalments	04 September 2013	Quarterly	Acquired by the company against permanent working capital requirements and is secured by way of first pari passu charge over all present and future moveable fixed assets of the Company and mortgage over immovable fixed assets of the Company and personal guarantee of the Chief Executive Officer.
Bank Alfalah Limited	77,037	115,556					
The Bank of Punjab	89,877	146,049					
Dubai Islamic Bank (Pakistan) Limited	103,704	155,556					
Habib Bank Limited	51,358	77,037					
National Bank of Pakistan	128,395	192,593					
Pakistan Kuwait Investment Co.(Pvt) Ltd.	64,198	96,296					
Standard Chartered Modaraba	36,296	54,444					
Standard Chartered Bank (Pakistan) Ltd.	93,333	140,000					
Summit Bank Limited	51,358	77,037					
United Bank Limited	128,395	192,593					
	<b>926,667</b>	<b>1,401,235</b>					
	<b>1,655,697</b>	<b>2,277,732</b>					



	2015 (RUPEES IN THOUSAND)	2014
<b>7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Future rentals and year during which they fall due are as under:		
2015	-	68,252
2016	54,384	40,627
2017	46,909	32,765
2018	32,785	20,344
2019	16,553	3,714
2020	7,569	-
	<u>158,200</u>	<u>165,702</u>
Less: Financial charges	19,930	21,388
Present value of minimum lease rental payments	138,270	144,314
Less: Current portion shown under current liabilities (Note 12)	44,421	56,983
	<u>93,849</u>	<u>87,331</u>

7.1 The value of minimum lease payments has been discounted using implicit interest rate of 8.52% to 13.93% per annum (2014: 11.67 percent to 12.67 percent per annum). Balance rentals are payable in monthly / quarterly & semi-annual installments. In case of default in any payment, an additional charge at the rate of 0.1 percent per day shall be paid. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. Lease agreement is renewable at the option of the lessor on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 16.082 million (2014: Rupees 16.542 million) included in long term security deposits and Rupees 2.352 million (2014: Rupees 5.862 million) included in short term deposits and prepayments.

7.2 Minimum lease payments and their present values are regrouped as under:

	2015		2014	
	Within One year	More than one year but less than five years	Within One year	More than one year but less than five years
	(RUPEES IN THOUSAND)			
Total of minimum lease payments	54,384	103,816	68,252	97,450
Less: Financial charges	9,963	9,967	11,269	10,119
Present value of minimum lease payments	<u>44,421</u>	<u>93,849</u>	<u>56,983</u>	<u>87,331</u>

	2015 (RUPEES IN THOUSAND)	2014
<b>8. DEFERRED LIABILITY FOR GRATUITY</b>		
Opening balance	426,889	344,074
Add: Provision for the year (Note 8.1)	186,655	171,957
Experience adjustment recognized in other comprehensive income	(19,014)	(332)
	<u>594,530</u>	<u>515,699</u>
Less:		
Payments made during the year	(158,547)	(82,078)
Increase in current liability - net	(4,060)	(6,732)
	<u>(162,607)</u>	<u>(88,810)</u>
	<u>431,923</u>	<u>426,889</u>

2015  
2014  
(RUPEES IN THOUSAND)

**8.1 Provision for the year:**

Current service cost	139,321	87,282
Interest cost	47,334	40,160
Past service cost	-	44,515
	<u>186,655</u>	<u>171,957</u>

**8.2 Reconciliation of present value of defined benefit obligations as at 30 June is given below:**

Present value of defined benefit obligations as at 01 July	426,889	344,074
Current service cost	139,321	87,282
Interest cost	47,334	40,160
Past service cost	-	44,515
Benefits paid during the year	(158,547)	(82,078)
Increase in current liability - net	(4,060)	(6,732)
Experience adjustment	(19,014)	(332)
Present value of defined benefit obligations as at 30 June	<u>431,923</u>	<u>426,889</u>

**8.3 Principal actuarial assumptions:**

Discount rate	10.50%	13.50%
	per annum	per annum
Expected rate of increase in salary in future years	9.50%	12.50%
	per annum	per annum
Average expected remaining life time of employees	12 years	12 years

**8.4 The present value of defined benefit obligation is as follows:**

	2015	2014	2013	2012	2011
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(RUPEES IN THOUSAND)

Present value of defined benefit obligations	431,923	426,889	344,074	268,127	233,150
Experience adjustment arising on plan liabilities	(19,014)	(332)	18,659	1,790	2,246

2015  
2014  
(RUPEES IN THOUSAND)

**9. TRADE AND OTHER PAYABLES**

Creditors	1,483,271	1,677,669
Advances from customers	24,349	23,762
Accrued liabilities	601,355	641,346
Income tax deducted at source	17,549	18,615
Sales tax deducted at source	14,993	13,680
Workers' profit participation fund (Note 9.1)	54,498	61,996
Unclaimed dividend	9,145	8,763
	<u>2,205,160</u>	<u>2,445,831</u>

	2015	2014
	(RUPEES IN THOUSAND)	
<b>9.1 Workers' Profit Participation Fund</b>		
Balance as at 01 July	61,996	59,613
Add: Provision for the year ( Note 27 )	54,498	61,996
Interest for the year ( Note 29 )	<u>3,318</u>	<u>3,774</u>
	119,812	125,383
Less: Payments during the year	<u>65,314</u>	<u>63,387</u>
Balance as at 30 June	<u><u>54,498</u></u>	<u><u>61,996</u></u>
<b>9.1.1</b> The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.		
<b>10. ACCRUED MARK-UP</b>		
Long term financing	21,276	37,144
Liabilities against assets subject to finance lease	1,102	725
Short term borrowings	<u>133,269</u>	<u>186,573</u>
	<u><u>155,647</u></u>	<u><u>224,442</u></u>
<b>11 SHORT TERM BORROWINGS - SECURED</b>		
These represent the finances obtained from banking companies which are secured by way of first, second and third equitable mortgage on fixed assets of the Company, 1st joint pari pasu charge over current assets of the Company, pledge and personal guarantee of directors. Mark-up is paid at the rate of 3.22% per annum to 12.18% per annum (2014: 2.66% per annum to 11.34% per annum). The sanctioned credit facilities are Rupees 12,675 million (2014: Rupees 11,760 million).		
<b>12. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		
Long term financing (Note 6)	706,254	753,814
Liabilities against assets subject to finance lease (Note 7)	<u>44,421</u>	<u>56,983</u>
	<u><u>750,675</u></u>	<u><u>810,797</u></u>
<b>13. CONTINGENCIES AND COMMITMENTS</b>		
<b>a) Contingencies</b>		
Guarantees of Rupees 74.521 million (2014: Rupees 68.029 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Collector of Customs, Lahore for import licence fee.		
<b>b) Commitments</b>		
<b>i)</b> Contracts for capital expenditure are amounting to Rupees 13.600 million (2014: Rupees 24.608 million) and other than capital expenditure are Rupees 166.434 million (2014: Rupees 244.317 million).		
<b>ii) Ijarah (operating lease) commitments - Company as lessee</b>		
The Company obtained vehicles under ijarah (operating lease) agreement. The lease terms are three to five years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.		
The future aggregate minimum lease payments under ijarah (operating lease) are as follows:		
Not later than one year	38,232	27,592
Later than one year and not later than five years	<u>79,445</u>	<u>28,426</u>
	<u><u>117,677</u></u>	<u><u>56,018</u></u>
<b>14. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets		
- Owned ( Note 14.1 )	6,242,057	5,436,360
- Leased ( Note 14.1 )	170,034	214,378
Capital work-in-progress (Note 14.2)	<u>170,638</u>	<u>122,160</u>
	<u><u>6,582,729</u></u>	<u><u>5,772,898</u></u>



14.1 OPERATING FIXED ASSETS

	OWNED										LEASED			
	Freehold land	Buildings on freehold land	Plant and machinery	Electric and gas installations	Factory equipment	Telephone installations	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
<b>At 30 June 2013</b>														
Cost/ revalued amount	1,013,160	906,580	4,728,518	361,081	75,743	19,896	164,939	3,038	206,218	166,895	7,848,786	144,939	173,667	318,606
Accumulated depreciation	-	(249,826)	(1,651,564)	(133,647)	(43,954)	(13,014)	(85,898)	(2,605)	(127,565)	(90,280)	(2,398,353)	(41,151)	(68,789)	(1,09,840)
<b>Net book value</b>	<b>1,013,160</b>	<b>656,754</b>	<b>3,076,954</b>	<b>227,434</b>	<b>31,789</b>	<b>6,882</b>	<b>79,041</b>	<b>1,333</b>	<b>78,651</b>	<b>76,615</b>	<b>5,450,433</b>	<b>103,788</b>	<b>104,878</b>	<b>2,08,666</b>
<b>Year ended 30 June 2014</b>														
Opening net book value	1,013,160	656,754	3,076,954	227,434	31,789	6,882	79,041	1,333	78,651	76,615	5,248,413	103,788	104,878	2,08,666
Additions	7,788	82,927	465,861	46,457	5,784	270	8,333	477	15,757	4,170	637,584	31,000	-	31,000
Transfer:	-	-	3,126	-	-	-	-	-	-	605	3,931	(3,126)	(805)	(3,931)
Accumulated depreciation	-	-	(2,128)	-	-	-	-	-	-	(466)	(2,595)	2,128	466	2,595
	-	-	997	-	-	-	-	-	-	339	1,336	(997)	(339)	(1,336)
Segregation in proper head	-	-	(8,870)	-	-	-	-	-	-	-	(8,870)	8,870	-	8,870
Cost:	-	-	(8,870)	-	-	-	-	-	-	-	(8,870)	8,870	-	8,870
Accumulated depreciation	-	-	(8,870)	-	-	-	-	-	-	-	(8,870)	8,870	-	8,870
<b>Deductions:</b>														
Cost/ revalued amount	(150)	-	(4,980)	(1,135)	(787)	(295)	(11,110)	(80)	(404)	(11,464)	(20,385)	-	-	-
Accumulated depreciation	-	-	1,357	741	133	200	505	17	206	7,357	10,516	-	-	-
<b>Net book value</b>	<b>(150)</b>	<b>-</b>	<b>(3,623)</b>	<b>(394)</b>	<b>(654)</b>	<b>(95)</b>	<b>(605)</b>	<b>(43)</b>	<b>(198)</b>	<b>(4,107)</b>	<b>(9,869)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation charge	-	(34,820)	(324,401)	(24,807)	(3,419)	(1,014)	(12,438)	(243)	(17,252)	(13,740)	(432,234)	(13,589)	(18,226)	(32,822)
Closing net book value	1,020,778	704,861	3,206,718	248,590	33,480	5,843	74,331	1,524	76,958	63,277	5,436,360	129,065	85,313	214,378
<b>At 30 June 2014</b>														
Cost/ revalued amount	1,020,778	989,507	5,181,326	406,403	80,720	19,671	172,162	4,355	221,569	159,940	8,256,431	181,683	172,862	354,545
Accumulated depreciation	-	(284,646)	(1,974,608)	(157,813)	(47,240)	(13,828)	(87,631)	(2,831)	(144,611)	(86,683)	(2,820,071)	(52,618)	(67,549)	(1,40,167)
<b>Net book value</b>	<b>1,020,778</b>	<b>704,861</b>	<b>3,206,718</b>	<b>246,590</b>	<b>33,480</b>	<b>5,843</b>	<b>74,331</b>	<b>1,524</b>	<b>76,958</b>	<b>63,277</b>	<b>5,436,360</b>	<b>129,065</b>	<b>85,313</b>	<b>214,378</b>
<b>Year ended 30 June 2015</b>														
Opening net book value	1,020,778	704,861	3,206,718	246,590	33,480	5,843	74,331	1,524	76,958	63,277	5,436,360	129,065	85,313	214,378
Additions	142,237	688,924	278,623	31,967	2,861	914	8,262	69	14,048	31,047	1,188,952	35,808	22,052	57,860
Transfer:	-	-	90,031	-	-	-	-	-	-	-	185,254	(90,031)	(95,220)	(1,86,254)
Cost	-	-	(49,416)	-	-	-	-	-	-	(59,324)	(107,740)	48,416	59,324	107,740
Accumulated depreciation	-	-	41,615	-	-	-	-	-	-	35,889	77,514	(41,615)	(35,889)	(77,514)
<b>Deductions:</b>														
Cost:	-	-	(3,500)	-	-	-	(105)	(102)	-	(38,297)	(42,004)	-	-	-
Accumulated depreciation	-	-	2,489	-	-	-	53	83	-	8,089	10,684	-	-	-
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>(1,011)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>(39)</b>	<b>-</b>	<b>(30,208)</b>	<b>(31,310)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation charge	(37,654)	(37,654)	(328,032)	(28,617)	(3,487)	(950)	(11,759)	(231)	(16,631)	(14,098)	(439,459)	(9,761)	(14,922)	(24,690)
Closing net book value	1,163,015	1,356,131	3,197,913	253,940	32,654	5,807	70,782	1,323	74,375	65,917	6,242,057	113,437	56,537	170,034
<b>At 30 June 2015</b>														
Cost/ revalued amount	1,163,015	1,678,431	5,546,480	438,370	83,581	20,585	180,319	4,322	235,617	247,913	8,598,633	127,460	99,691	227,151
Accumulated depreciation	-	(322,300)	(2,348,567)	(184,430)	(50,727)	(14,778)	(109,537)	(2,989)	(161,242)	(161,996)	(3,356,576)	(13,963)	(43,154)	(57,117)
<b>Net book value</b>	<b>1,163,015</b>	<b>1,356,131</b>	<b>3,197,913</b>	<b>253,940</b>	<b>32,854</b>	<b>5,807</b>	<b>70,782</b>	<b>1,323</b>	<b>74,375</b>	<b>65,917</b>	<b>6,242,057</b>	<b>113,497</b>	<b>56,537</b>	<b>170,034</b>
<b>Annual rate of depreciation (%)</b>														
	-	5	10	10	10	15	15	15	20	20	20	10	20	20

14.1.1 Freehold land of the Company was revalued as at 28 June 2013 by an independent valuer using market value method and stated in note 14.1 at appreciated value. Previously it was revalued by an independent valuer as at 30 June 2007 and 30 September 1995. Had there been no revaluation on that date, the value of freehold land would have been lower by Rupees 806.233 million. The book value of freehold land on cost basis is Rupees 556.782 million (2014: Rupees 414.545 million).

14.1.2 Depreciation charge for the year has been allocated as follows:

	2015	2014
<b>Owned:</b>		
Cost of sales (Note 24)	395,790	387,547
Distribution cost (Note 25)	590	580
Administrative expenses (Note 26)	43,079	44,107
	439,459	432,234
<b>Leased:</b>		
Cost of sales (Note 24)	9,761	13,596
Distribution cost (Note 25)	4,204	4,627
Administrative expenses (Note 26)	10,725	14,589
	24,690	32,822
	464,149	465,056

14.1.3 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchasers
—RUPEES IN THOUSAND—						
<b>Plant and machinery</b>						
Stitching machines	3,500	2,489	1,011	3,500	Negotiation	Challenge Apparels Limited-associated company
<b>Vehicles</b>						
Toyota Corolla, FDA-10-1724	817	77	740	806	Company Policy	Khwaja Mehmood Elahi (Company's employee)
Honda Civic, FDA-07-3213	841	464	377	419	Negotiation	Mr.Muhammad Sarwar, Makkah Block,Toba Tek Singh.
Toyota Corolla, FDA-09-2456	841	71	770	648	Negotiation	Mr.Muhammad Asif, Sector E-9, Islamabad
Suzuki Cultus, FDA-07-3241	326	176	150	341	Company Policy	Mr.Shahid Hussain Zia (Company's employee)
BMW, MS-577	6,000	-	6,000	6,000	Sale and lease back	Meezan Bank Limited
Land Cruiser, MB-076	15,500	-	15,500	15,500	Sale and lease back	Meezan Bank Limited
Cuore, FSM-1276	309	197	112	444	Company Policy	Hafiz Muhammad Rashid, (Company's employee)
Toyota Corolla, FDA-10-1501	595	76	519	1,085	Company Policy	Mr.Noor Mustafa Mughal (Company's employee)
Toyota Corolla, FDA-1099	553	57	496	961	Company Policy	Mr.Zafar Iqbal (Company's employee)
Toyota Corolla, FDA-10-1192	585	53	532	809	Company Policy	Mr.Adnan Ghaffar Peracha (Company's employee)
Toyota Corolla, FDA-09-2641	1,517	986	531	1,042	Negotiation	Mr Ejaz Ahmed, Islam Nagar, Bhawalnagar
Toyota Corolla, FD-10-326	863	190	673	1,038	Negotiation	Mr. Nusrat Azhar, D-Type Colony Faisalabad.
Suzuki Cultus, FDA-10-1524	325	31	294	594	Company Policy	Mr. Ghalib Gulzar (Company's employee)
Honda City, FDA-10-1269	553	92	461	940	Company Policy	Mr. Saeed Hashmat (Company's employee)
Cuore, FDA-10-1683	286	31	255	567	Company Policy	Mr. Irfan Ali (Company's employee)
Toyota Corolla, FDA-10-1394	569	103	466	938	Company Policy	Mr. Usman Latif Mustafa (Company's employee)
Toyota Corolla, LRJ-076	963	827	136	400	Negotiation	Challenge Apparels Limited-associated company
Toyota Corolla, FSA-176	956	830	126	400	Negotiation	Challenge Apparels Limited-associated company
Toyota Corolla, FSE-176	370	220	150	450	Negotiation	Challenge Apparels Limited-associated company
Toyota Corolla, PS-576	1,358	927	431	700	Negotiation	Challenge Apparels Limited-associated company
Honda/City, FD-10-51	554	69	485	950	Company Policy	Mr. Waqas Ashraf (Company's employee)
Toyota Corolla, FSD-8676	428	318	110	792	Company Policy	Mr. Mehmood Ali (Company's employee)
Suzuki Cultus, FDA-10-1624	344	47	297	594	Company Policy	Mr. Mushtaq Khan Niazi (Company's employee)
Honda Accord, LWD-876	2,300	1,868	432	432	Negotiation	Mr. M. Farooq Siddiq, Bluesky Petroleum, Faisalabad.

The book value of other assets disposed of during the year was less than Rupees 50,000.



	2015	2014
	(RUPEES IN THOUSAND)	
<b>14.2 CAPITAL WORK-IN-PROGRESS</b>		
Buildings on freehold land	12,089	11,466
Plant and machinery	76,165	91,427
Advances against purchase of land	25,688	15,688
Advances against purchase of machinery	56,696	3,579
	<u>170,638</u>	<u>122,160</u>
<b>14.3</b>	Borrowing cost of Rupees 0.675 million (2014 : Rupees 2.188 million) was capitalized during the year using the capitalization rate of 8.80% per annum (2014 : 10.90% per annum).	
<b>15. LONG TERM ADVANCES</b>		
<b>Considered good - secured</b>		
Advances to employees		
Executives (Note 15.1)	1,200	4,079
Other employees	265	396
	1,465	4,475
Less : Current portion shown under current assets (Note 19)	752	656
	<u>713</u>	<u>3,819</u>
<b>15.1 Reconciliation of advances given to executives is given below:</b>		
Balance as at 01 July	4,079	9,673
Add: Disbursement	1,240	-
	<u>5,319</u>	<u>9,673</u>
Less: Recovered during the year	4,119	5,594
Balance as at 30 June	<u>1,200</u>	<u>4,079</u>
<b>15.1.1</b>	Maximum balance due from executives at the end of any month during the year was Rupees 4.770 million (2014: Rupees 9.673 million).	
<b>15.2</b>	These include the interest free advances to company's employees recoverable in equal monthly installments and secured against the gratuity payable of these employees.	
<b>15.3</b>	The fair value adjustment in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement" arising in respect of advances to employees is not considered material and hence not recognized.	
<b>16. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores (Note 16.1)	744,737	931,586
Spare parts	264,015	204,460
Loose tools	1,372	984
	<u>1,010,124</u>	<u>1,137,030</u>
<b>16.1</b>	These include stores in transit of Rupees 61.109 million (2014: Rupees 59.333 million).	
<b>17. STOCK IN TRADE</b>		
Raw materials ( Note 17.1 )	1,649,836	1,731,300
Work-in-process ( Note 17.2 )	1,489,086	2,312,186
Finished goods ( Note 17.3 )	2,136,641	3,172,477
	<u>5,275,563</u>	<u>7,215,963</u>
<b>17.1</b>	These includes stock of Rupees 69.610 million (2014: Rupees 181.009 million) sent to third parties for conversion.	
<b>17.2</b>	These include stock of Rupees 46.246 million ( 2014 : Rupees 20.675 million) sent to third parties for processing .	
<b>17.3</b>	These includes stock of Rupees 3.378 million (2014: Rupees Nil) sent to third parties for processing.	
<b>17.4</b>	Stock in trade includes stocks amounting to Rupees 118.878 million (2014: Rupees 132.198 million) valued at net realizable value.	

	2015 (RUPEES IN THOUSAND)	2014
<b>18. TRADE DEBTS</b>		
<b>Considered good:</b>		
Secured (against letters of credit)	950,085	1,591,898
Unsecured ( Note 18.1 )	<u>5,961,905</u>	<u>3,823,710</u>
	<u>6,911,990</u>	<u>5,415,608</u>
<b>Considered doubtful:</b>		
Others - unsecured	24,832	24,832
Less: Provision for doubtful debts	<u>24,832</u>	<u>24,832</u>
	<u>-</u>	<u>-</u>
<b>18.1</b>	It includes an amount of Rupees 217.913 million (2014: Rupees Nil) due from a related party, Challenge Apparels Limited. Its related credit risk is given in Note 39.	
<b>19. LOANS AND ADVANCES</b>		
<b>Considered good:</b>		
Employees - Interest free:		
Against expenses	<u>12,443</u>	<u>24,949</u>
Against salary	<u>30,042</u>	<u>33,053</u>
	42,485	58,002
Current portion of long term advances (Note 15)	752	656
Advances to suppliers	<u>271,953</u>	<u>515,901</u>
	<u>315,190</u>	<u>574,559</u>
<b>20. SHORT TERM DEPOSITS AND PREPAYMENTS</b>		
Letters of credit	552	9,617
Prepayments	19,164	19,114
Margin against letters of credit / guarantees	4,832	4,832
Security deposits	15,807	10,713
Income tax	<u>510,339</u>	<u>452,966</u>
	<u>550,694</u>	<u>497,242</u>
<b>21. OTHER RECEIVABLES</b>		
<b>Considered good:</b>		
Sales tax	663,868	604,672
Export rebates	312,618	246,967
Others	<u>129,738</u>	<u>149,223</u>
	<u>1,106,224</u>	<u>1,000,862</u>
<b>22. CASH AND BANK BALANCES</b>		
Cash in hand	1,648	4,765
<b>With banks :</b>		
On current accounts	<u>462,824</u>	<u>276,553</u>
Term deposit receipt ( Note 22.1 )	40,000	-
On saving accounts including US\$ 14,781 (2014 : US\$ 24,622) (Note 22.2)	<u>663,107</u>	<u>163,531</u>
	<u>1,165,931</u>	<u>440,084</u>
	<u>1,167,579</u>	<u>444,849</u>

**22.1** This represents Term deposit receipt having maturity period of one month and carried profit at the rate of 7.25% per annum (2014 : Nil).

**22.2** Rate of profit on saving accounts ranges from 4.5% to 9% ( 2014 : 6% to 9% ) per annum.

2015  
2014  
(RUPEES IN THOUSAND)

<b>23. SALES</b>		
Local	3,529,658	2,200,413
Export ( Note 23.1 )	22,766,437	21,691,801
Waste	394,277	468,019
Knitting / dyeing income	<u>377,802</u>	<u>107,460</u>
	27,068,174	24,467,693
Less: Sales tax	<u>100,275</u>	<u>96,565</u>
	<u>26,967,899</u>	<u>24,371,128</u>
<b>23.1</b>	Exchange gain due to currency rate fluctuation relating to export sales amounting to Rupees 265.164 million (2014: Rupees 62.769 million) has been included in export sales.	
<b>24. COST OF SALES</b>		
Raw material consumed	8,918,140	10,524,140
Salaries, wages and other benefits	3,338,220	3,160,210
Staff retirement benefits	159,257	145,491
Fuel and power	1,758,502	1,502,891
Dyes and chemicals	1,426,016	1,076,158
Stores and spare parts	426,285	541,781
Packing materials and other charges	2,250,893	1,910,644
Outside knitting, dyeing and CMT charges	1,111,758	1,094,665
Repair and maintenance	489,372	537,310
Insurance	76,145	58,430
Other factory overheads ( Note 24.1 )	769,242	657,744
Depreciation - owned assets (Note 14.1.2)	395,790	387,547
Depreciation - leased assets (Note 14.1.2)	<u>9,761</u>	<u>13,596</u>
	21,129,381	21,610,607
<b>Work-in-process:</b>		
Opening stock	<u>2,312,186</u>	<u>1,754,040</u>
Closing stock	<u>(1,489,086)</u>	<u>(2,312,186)</u>
	823,100	(558,146)
Cost of goods manufactured	<u>21,952,481</u>	<u>21,052,461</u>
<b>Finished goods:</b>		
Opening stock	<u>3,172,477</u>	<u>2,555,332</u>
Closing stock	<u>(2,136,641)</u>	<u>(3,172,477)</u>
	1,035,836	(617,145)
	<u>22,988,317</u>	<u>20,435,316</u>
<b>24.1</b>	This includes Ijarah (operating lease) rentals amounting to Rupees 34.198 million( 2014: Rupees 34.023 million) of vehicles.	
<b>25. DISTRIBUTION COST</b>		
Salaries and other benefits	82,441	88,391
Staff retirement benefits	6,106	6,900
Commission to selling agents	699,503	534,447
Insurance	4,298	3,458
Traveling and conveyance	35,484	24,150
Vehicles' running	5,006	5,759
Printing and stationery	1,087	780
Communication	15,090	16,249
Outward freight and distribution	619,164	473,970
Depreciation - owned assets (Note 14.1.2)	590	580
Depreciation - leased assets (Note 14.1.2)	<u>4,204</u>	<u>4,627</u>
	<u>1,472,973</u>	<u>1,159,311</u>



	2015	2014
	(RUPEES IN THOUSAND)	
<b>26. ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits	288,649	263,770
Staff retirement benefits	21,292	19,566
Rent, rates and taxes (Note 26.1)	16,829	12,595
Traveling and conveyance	14,143	11,140
Entertainment	10,575	9,778
Repair and maintenance	4,104	2,209
Vehicles' running	15,791	15,987
Printing and stationery	6,142	5,484
Communication	17,862	13,132
Legal and professional	1,926	1,940
Newspapers and periodicals	85	79
Electricity and Sui gas	9,100	11,283
Auditors' remuneration (Note 26.2)	1,818	1,623
Subscription and fee	5,854	5,181
Advertisement	834	1,028
Insurance	6,954	7,995
Miscellaneous	1,730	1,736
Depreciation - owned assets (Note 14.1.2)	43,079	44,107
Depreciation - leased assets (Note 14.1.2)	10,725	14,599
	<u>477,492</u>	<u>443,232</u>
<b>26.1</b> This includes Ijarah (operating lease) rentals amounting to Rupees 4.085 million( 2014: Rupees 3.219 million) of vehicles		
<b>26.2 Auditors' remuneration</b>		
Annual audit fee	1,350	1,250
Half yearly review fee	325	250
Corporate governance compliance review fee	50	50
Reimbursable expenses	93	73
	<u>1,818</u>	<u>1,623</u>
<b>27. OTHER EXPENSES</b>		
Workers' profit participation fund (Note 9.1)	<u>54,498</u>	<u>61,996</u>
<b>28. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on deposits with banks	31,166	30,271
Gain on sale of investment in associate	-	160
	<u>31,166</u>	<u>30,431</u>
<b>Income from non-financial assets</b>		
Sale of stores and scrap	19,805	8,264
Gain on sale of property, plant and equipment	9,453	6,632
	<u>29,258</u>	<u>14,896</u>
	<u>60,424</u>	<u>45,327</u>
<b>29. FINANCE COST</b>		
<b>Mark-up on:</b>		
Long term financing	209,503	276,659
Short term borrowings	667,073	733,594
Liabilities against assets subject to finance lease	6,406	10,830
Interest on workers' profit participation fund (Note 9.1)	3,318	3,774
Bank charges and commission	116,593	117,599
	<u>1,002,893</u>	<u>1,142,456</u>

		2015	2014
		(RUPEES IN THOUSAND)	
<b>30. TAXATION</b>			
Current (Note 30.1)		277,943	235,688
Prior year adjustment		94	157
		<u>278,037</u>	<u>235,845</u>
<b>30.1</b>	The company falls in the ambit of final tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. However, provision for tax on other income is made at current tax rates after considering the rebates and tax credits, if any, and accumulated tax losses. This amount includes one time super tax of Rupees 24.824 million imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax ordinance, 2001 as introduced through Finance Act, 2015. No provision for deferred taxation is required due to final tax on exports. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final tax on export.		
<b>30.2</b>	Under Section 5A of the Income Tax Ordinance, 2001, introduced through the Finance Act, 2015, the Company is required to pay tax at the rate of 10% of so much of its undistributed profits as exceed 100% of its paid up capital unless it distributes profits equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, by due date for filing of income tax return for the tax year 2015. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 06 October, 2015 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.		
<b>31. EARNINGS PER SHARE</b>			
<b>Basic earnings per share</b>			
Profit after taxation	(Rupees in thousand)	754,113	938,299
Dividend on preference shares	(Rupees in thousand)	(41,496)	(41,320)
		<u>712,617</u>	<u>896,979</u>
Weighted average number of ordinary shares	(Numbers)	<u>60 000 000</u>	<u>60 000 000</u>
Earnings per share - Basic	(Rupees)	<u>11.88</u>	<u>14.95</u>
<b>Diluted earnings per share</b>			
Profit after taxation	(Rupees in thousand)	754,113	938,299
Dividend on preference shares	(Rupees in thousand)	(41,496)	(41,320)
		<u>712,617</u>	<u>896,979</u>
Weighted average number of shares	(Numbers)	<u>62 851 888</u>	<u>63 320 403</u>
Earnings per share - Diluted	(Rupees)	<u>11.34</u>	<u>14.17</u>
<b>32. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,032,150	1,174,144
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		464,149	465,056
Provision for gratuity		186,655	171,957
Gain on sale of property, plant and equipment		(9,453)	(6,632)
Gain on sale of investment in associate		-	(160)
Finance cost		1,002,893	1,142,456
Working capital changes (Note 32.1)		483,739	(2,345,366)
		<u>3,160,133</u>	<u>601,455</u>

2015  
2014  
(RUPEES IN THOUSAND)

**32.1 Working capital changes**

**Decrease / (increase) in current assets**

Stores, spare parts and loose tools	126,906	(204,367)
Stock in trade	1,940,400	(714,443)
Trade debts	(1,496,382)	(1,583,390)
Loan and advances	259,369	144,676
Short term deposits and prepayments	3,921	(18,483)
Other receivables	(105,362)	(129,428)
	728,852	(2,505,435)

**(Decrease) / Increase in current liabilities**

Trade and other payables	(245,113)	160,069
	483,739	(2,345,366)

**33. EVENTS AFTER THE REPORTING PERIOD**

Board of Directors of the Company have proposed a cash dividend for the ordinary shareholders of the Company for the year ended 30 June 2015 amounting to Rupees 4.35 (2014: Rupees 1.50) per share and preference dividend for the preference shareholders of the Company amounting to Rupees 1.19 (2014: Rupees 1.16) per share at their meeting held 06 October, 2015. However, these events have been considered as non-adjusting events under IAS-10 and have not been recognized in these financial statements.

**34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

Aggregate amount charged in the financial statements for the year for remuneration including all benefits to the chief executive officer, directors and executives of the company are as follows:

DESCRIPTION	2015			2014		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----RUPEES IN THOUSAND-----					
Managerial remuneration	3,200	2,283	110,046	3,200	2,076	77,811
House rent	1,280	914	44,018	1,280	831	31,125
Other allowances	320	228	11,005	320	208	7,781
	4,800	3,425	165,069	4,800	3,115	116,717
Number of persons	1	4	125	1	4	97

**34.1** The chief executive officer, some of the Directors and some of the Executives are provided free use of Company's maintained vehicles.

**34.2** Meeting fee amounting to Rupees 0.115 million (2014: Rupees 0.100 million) has been paid to non-executive directors.

**35. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated company, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

2015  
2014  
(RUPEES IN THOUSAND)

**Associated company**

Purchase of goods and services	81,837	-
Sale of operating fixed assets	5,450	-
Sale of goods and services	258,753	-
<b>Other related parties</b>		
Dividend paid	2,282	2,663



<b>36. NUMBER OF EMPLOYEES</b>	<b>2015</b>	<b>2014</b>
	<b>(Number of Persons)</b>	
Number of Employees as on 30 June	12,094	18 320
Average number of employees during the year	16,415	16 950
	<b>2015</b>	<b>2014</b>
	<b>(FIGURES IN THOUSAND)</b>	
<b>37. PLANT CAPACITY AND ACTUAL PRODUCTION</b>		
<b>SPINNING</b>		
Production at normal capacity converted to 20s count based on three shifts per day.	(Kgs .) 4 762	4 762
Actual production converted to 20s count based on three shifts per day.	(Kgs .) 4392	4 382
<b>KNITTING</b>		
Production at normal capacity based on three shifts per day.	(Kgs .) 41 216	38 280
Actual production based on three shifts per day.	(Kgs .) 19 398	19 675
<b>DYEING / FINISHING</b>		
Production at normal capacity on reactive dyeing basis at three shifts per day.	(Kgs .) 34 080	34 080
Actual production converted on reactive dyeing basis at three shifts per day.	(Kgs .) 19 144	19 128
<b>GARMENTS</b>		
Production at normal capacity of normal / basic garments capacity based on single shift per day.	(Dzn.) 5 903	5 926
Actual production of normal / basic garments capacity basis on single shift per day.	(Dzn.) 4 016	4 009

**37.1 REASONS FOR LOW PRODUCTION**

Under utilization of available capacity is due to normal maintenance and gas /electric supply shutdown. Knitting machines are available for different types of fabric for which orders are based on seasonal basis resulting under utilization of actual knitting capacity alongwith trial run effect of additional machines installed during the year under reference.

38. SEGMENT INFORMATION

Spinning		Knitting		Processing & Garments		Elimination of Intersegment transactions		Total- Company	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014

(RUPEES IN THOUSAND)

Sales

External	758,942	1,208,807	45,102	127,255	26,163,855	23,035,066	-	-	26,967,899	24,371,128
Intersegment	1,973,849	1,376,963	8,507,052	8,931,134	37,519	-	(10,518,420)	(10,308,097)	-	-
	2,732,791	2,585,770	8,552,154	9,058,389	26,201,374	23,035,066	(10,518,420)	(10,308,097)	26,967,899	24,371,128

Cost of sales

	(2,586,682)	(2,423,292)	(8,284,306)	(8,789,701)	(22,635,749)	(19,530,420)	10,518,420	10,308,097	(22,968,317)	(20,435,316)
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Gross Profit

	146,109	162,478	267,848	268,688	3,565,625	3,504,646	-	-	3,979,582	3,935,812
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Distribution cost

	(31,352)	(33,828)	(109,137)	(104,952)	(1,332,484)	(1,020,531)	-	-	(1,472,973)	(1,159,311)
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Administrative expenses

	(27,323)	(25,485)	(65,449)	(66,022)	(384,720)	(351,725)	-	-	(477,492)	(443,232)
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	(58,675)	(59,313)	(174,586)	(170,974)	(1,717,204)	(1,372,256)	-	-	(1,950,465)	(1,602,543)
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Profit before taxation and

unallocated income and expenses

	87,434	103,165	93,262	97,714	1,848,421	2,132,390	-	-	2,029,117	2,333,269
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Unallocated income and expenses:

Other expenses

(54,498) (61,996)

Other income

60,424 45,327

Finance cost

(1,002,693) (1,142,456)

Taxation

(278,037) (235,845)

Profit after taxation

754,113 938,299

38.1 Reconciliation of reportable segment assets and liabilities

Spinning		Knitting		Processing & Garments		Total- Company	
2015	2014	2015	2014	2015	2014	2015	2014

(RUPEES IN THOUSAND)

Segment Assets 1,066,007 1,009,877 1,934,396 1,730,202 9,868,011 11,385,813 12,868,418 14,125,892

Unallocated assets

10,102,573 7,987,645

22,970,989 22,113,537

Segment Liabilities

124,558 126,574 451,796 644,941 2,216,374 2,254,884 2,792,730 3,026,399

Unallocated Liabilities

13,116,434 12,662,120

15,909,164 15,688,519

38.2 Geographical information

38.2.1 The company's revenue from external customers by geographical location is detailed below:

	2015	2014
	(RUPEES IN THOUSAND)	
America & Canada	17,543,115	17,253,354
Europe	4,225,874	3,102,159
Asia, Africa, & Australia	997,448	1,338,288
Pakistan	4,201,462	2,679,327
	26,967,899	24,371,128

38.2.2 All non current assets of the Company as at reporting dates are located and operating in Pakistan.

38.3 Revenue from major customers

Revenue from major customers of the Company's Garments segment represent Rupees 14,851 million (2014 : 11,666 million). Revenue from other segments of the Company does not include any major customer .

**39. FINANCIAL RISK MANAGEMENT**

**39.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

**(a) Market risk**

**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances, and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2015	2014
Cash at banks - USD	14,781	-24,622
Trade debts - USD	59,397,008	44,607,297
Trade and other payable - USD	(1,181,798)	(82,022)
Net exposure - USD	58,229,991	44,549,897

Following exchange rates were applied during the year:

**Rupees per US Dollar**

Average rate	101.00	102.54
Reporting date rate	101.50	98.55

**Sensitivity analysis**

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 280.741 million (2014: Rupees 208.544 million ) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

**(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) **Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease, short term borrowings, term deposit receipt and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2015	2014
	(RUPEES IN THOUSAND)	
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Long term financing	597,030	876,497
<b>Floating rate Instruments</b>		
<b>Financial assets</b>		
Term deposit receipt	40,000	-
Bank balances - saving accounts	663,107	163,531
<b>Financial liabilities</b>		
Long term financing	1,058,667	1,401,235
Liabilities against assets subject to finance lease	138,270	144,314
Short term borrowings	11,044,430	9,933,466

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 109.613 million (2014: Rupees 107.497 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming that amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Trade debts	6,911,990	5,415,608
Loans and advances	31,507	37,528
Deposits	41,749	43,848
Other receivables	129,738	149,223
Bank balances	1,165,931	440,084
	<u>8,280,915</u>	<u>6,086,291</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The external credit rating of Company's bankers is given below:



## MASOOD TEXTILE MILLS LIMITED

	Rating			2015	2014
	Short Term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	15,939	4,965
Allied Bank Limited	A1+	AA+	PACRA	2,614	15,943
Askari Bank Limited	A-1+	AA	JCR-VIS	10,295	4,000
Bank Alfalah Limited	A1+	AA	PACRA	20,913	2,049
First Women Bank Limited	A2	BBB+	PACRA	122	117
Habib Bank Limited	A-1+	AAA	JCR-VIS	61,442	43,088
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	326,892	147,256
Bank Al-Habib Limited	A1+	AA+	PACRA	2,492	2,051
MCB Bank Limited	A1+	AAA	PACRA	35,507	24,561
NIB Bank Limited	A1+	AA-	PACRA	22,136	26,328
The Bank of Punjab	A1+	AA-	PACRA	108,604	20,869
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	JCR-VIS	10,144	1,464
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	42,858	6,649
United Bank Limited	A-1+	AA+	JCR-VIS	78,199	38,529
Burj Bank Limited	A-2	A-	JCR-VIS	40,010	22
Summit Bank Limited	A-1	A	JCR-VIS	273,551	95,348
Soneri Bank Limited	A1+	AA-	PACRA	15,504	41
Samba Bank Limited	A-1	AA	JCR-VIS	25,233	-
Industrial and Commercial Bank of China Ltd.	P-1	A1	Moody's	96	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	73,380	6,804
				<u>1,165,931</u>	<u>440,084</u>

As at 30 June 2015, trade debts of Rupees 987.520 million ( 2014 : Rupees 538.479 million ) were past due but not impaired . These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2015	2014
	(RUPEES IN THOUSAND)	
<b>Due from related party</b>		
Upto 1 month	114,803	-
1 to 6 months	7,539	-
	122,342	-
<b>Others</b>		
Upto 1 month	234,105	399,727
1 to 6 months	563,657	136,327
More than 6 months	67,416	47,425
	<u>865,178</u>	<u>583,479</u>
	<u>987,520</u>	<u>583,479</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the credit risk is minimal.



(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2015, the Company had Rupees 1,630,570 million (2014: Rupees 1,827 million) available borrowing limits from financial institutions and Rupees 1,167,579 million (2014: Rupees 444,849 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows.

The following are the contractual maturities of financial liabilities as at 30 June 2015:

Carrying Amount	Contractual Cash flows	6 months or less	6-12 months	1-2 Years	More than 2 years	
( RUPEES IN THOUSAND )						
<b>Non-derivative financial liabilities:</b>						
Long term financing	1,655,697	1,879,153	440,357	395,149	758,965	284,682
Liabilities against assets subject to finance lease	138,270	158,200	29,687	24,697	46,909	56,907
Short term borrowings	11,044,430	11,177,700	6,468,999	4,708,701	-	-
Trade and other payables	2,093,771	2,093,771	1,997,120	96,551	-	-
Accrued mark-up	155,647	155,647	155,647	-	-	-
	<u>15,087,815</u>	<u>15,464,471</u>	<u>9,091,810</u>	<u>5,225,098</u>	<u>805,874</u>	<u>341,589</u>

Following are the contractual maturities of financial liabilities as at 30 June 2014:

Carrying Amount	Contractual Cash flows	6 months or less	6-12 months	1-2 Years	More than 2 years	
( RUPEES IN THOUSAND )						
<b>Non-derivative financial liabilities:</b>						
Long term financing	2,277,732	2,731,007	512,466	472,570	849,357	896,614
Liabilities against assets subject to finance lease	144,314	165,702	37,760	30,492	40,627	56,823
Short term borrowings	9,933,466	10,120,039	4,843,379	5,276,660	-	-
Trade and other payables	2,327,778	2,327,778	2,115,842	211,936	-	-
Accrued mark-up	224,442	224,442	224,442	-	-	-
	<u>14,907,732</u>	<u>15,568,968</u>	<u>7,733,889</u>	<u>5,991,658</u>	<u>889,984</u>	<u>953,437</u>

Short term borrowing and trade and other payables are financial liabilities of revolving nature which will get renewed as part of working capital management.

**(d) Capital risk management**

The objective of the company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to the shareholders or issue new shares.

**39.2 Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**39.3 Financial Instruments by categories**

	<b>Loans and receivables</b>	
	<b>2015</b>	<b>2014</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>As at 30 June</b>		
<b>Assets as per balance sheet</b>		
Trade debts	6,911,990	5,415,608
Loans and advances	31,507	37,528
Deposits	41,749	43,848
Other receivables	129,738	149,223
Cash and bank balances	1,167,579	444,849
	<u>8,282,563</u>	<u>6,091,056</u>
<b>Financial liabilities at amortized cost</b>		
	<b>2015</b>	<b>2014</b>
	<b>(RUPEES IN THOUSAND)</b>	
<b>Liabilities as per balance sheet</b>		
Long term financing	1,655,697	2,277,732
Liabilities against assets subject to finance lease	138,270	144,314
Short term borrowings	11,044,430	9,933,466
Trade and other payables	2,093,771	2,327,778
Accrued mark-up	155,647	224,442
	<u>15,087,815</u>	<u>14,907,732</u>

**39.4 Offsetting financial assets and financial liabilities**

As on balance sheet date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

**40. DATE OF AUTHORIZATION**

These financial statements have been approved and authorized for issue by the Board of Directors of the company on 06 October, 2015.

**41. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made.

**42. GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR



# MASOOD TEXTILE MILLS LIMITED

## FORM 34 PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2015

1. Incorporation Number **0012223**  
 2. Name of the Company **MASOOD TEXTILE MILLS LIMITED**  
 3. Pattern of holding of the shares held by the shareholders as at 30.06.2015

4. No. of shareholders	Shareholdings	Total shares held
<b>ORDINARY SHARES:</b>		
<b>661</b>	Shareholding from 1 to 100 Shares	<b>47,457</b>
<b>500</b>	Shareholding from 101 to 500 Shares	<b>112,241</b>
<b>77</b>	Shareholding from 501 to 1000 Shares	<b>62,736</b>
<b>94</b>	Shareholding from 1001 to 5000 Shares	<b>250,513</b>
<b>13</b>	Shareholding from 5001 to 10000 Shares	<b>93,704</b>
<b>4</b>	Shareholding from 10001 to 15000 Shares	<b>54,000</b>
<b>2</b>	Shareholding from 15001 to 20000 Shares	<b>37,050</b>
<b>2</b>	Shareholding from 20001 to 25000 Shares	<b>42,100</b>
<b>4</b>	Shareholding from 25001 to 30000 Shares	<b>117,000</b>
<b>1</b>	Shareholding from 30001 to 35000 Shares	<b>35,000</b>
<b>2</b>	Shareholding from 35001 to 40000 Shares	<b>77,500</b>
<b>1</b>	Shareholding from 40001 to 45000 Shares	<b>44,000</b>
<b>1</b>	Shareholding from 45001 to 50000 Shares	<b>49,202</b>
<b>1</b>	Shareholding from 55001 to 60000 Shares	<b>58,500</b>
<b>2</b>	Shareholding from 65001 to 70000 Shares	<b>132,300</b>
<b>1</b>	Shareholding from 75001 to 80000 Shares	<b>77,000</b>
<b>1</b>	Shareholding from 90001 to 95000 Shares	<b>92,605</b>
<b>1</b>	Shareholding from 165001 to 170000 Shares	<b>167,000</b>
<b>1</b>	Shareholding from 210001 to 215000 Shares	<b>211,000</b>
<b>1</b>	Shareholding from 370001 to 375000 Shares	<b>373,000</b>
<b>1</b>	Shareholding from 385001 to 390000 Shares	<b>389,000</b>
<b>1</b>	Shareholding from 390001 to 395000 Shares	<b>392,750</b>
<b>1</b>	Shareholding from 540001 to 545000 Shares	<b>541,000</b>
<b>1</b>	Shareholding from 570001 to 575000 Shares	<b>571,700</b>
<b>1</b>	Shareholding from 590001 to 595000 Shares	<b>590,100</b>
<b>1</b>	Shareholding from 640001 to 645000 Shares	<b>641,500</b>
<b>1</b>	Shareholding from 765001 to 770000 Shares	<b>766,000</b>
<b>1</b>	Shareholding from 915001 to 920000 Shares	<b>916,050</b>
<b>1</b>	Shareholding from 1380001 to 1385000 Shares	<b>1,383,750</b>
<b>1</b>	Shareholding from 1910001 to 1915000 Shares	<b>1,912,400</b>
<b>1</b>	Shareholding from 2025001 to 2030000 Shares	<b>2,025,828</b>
<b>1</b>	Shareholding from 2455001 to 2460000 Shares	<b>2,457,078</b>
<b>1</b>	Shareholding from 3895001 to 3900000 Shares	<b>3,900,000</b>
<b>1</b>	Shareholding from 4110001 to 4115000 Shares	<b>4,114,000</b>
<b>1</b>	Shareholding from 4540001 to 4545000 Shares	<b>4,543,662</b>
<b>1</b>	Shareholding from 14620001 to 14625000 Shares	<b>14,621,274</b>
<b>1</b>	Shareholding from 18095001 to 18100000 Shares	<b>18,100,000</b>
<b>1387</b>	<b>Total</b>	<b>60,000,000</b>



**MASOOD TEXTILE MILLS LIMITED**

**PREFERENCE SHARES:**

1	Shareholding from 2495001 to 2500000 Shares	2,500,000
3	Shareholding from 4995001 to 5000000 Shares	15,000,000
1	Shareholding from 7330001 to 7335000 Shares	7,333,334
1	Shareholding from 9995001 to 10000000 Shares	10,000,000
6	<b>Total</b>	<b>34,833,334</b>

5. Categories of shareholders	share held	Percentage
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**ORDINARY SHARES:**

5.1 Directors, Chief Executive Officer, etc.	1,491,500	2.49
5.2 Associated Companies, undertakings and related parties.	14,621,274	24.36
5.3 NIT and ICP	2,026,678	3.38
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.	5,119,181	8.53
5.5 Insurance Companies	400,444	0.67
5.6 Modarabas and Mutual Funds	5,100	0.01
5.7 Share holders holding 10%	18,100,000	30.17
5.8 General Public	4,514,175	7.52
a. Local	-	-
b. Foreign	-	-
5.9 Others - Joint Stock Companies/Co-operative Societies.	13,721,648	22.87
<b>Total Ordinary Shares</b>	<b>60,000,000</b>	<b>100.00</b>

**PREFERENCE SHARES:**

5.3 Banks, Development Financial Institutions, Non Banking Financial Institutions.	34,833,334	100.00
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6. Signature of Chief Executive/ Secretary

7. Name of Signatory

**MIAN ABDUL BARI**

8. Designation

**COMPANY SECRETARY**

9. CNIC Number

3 3 1 0 0 - 7 8 9 1 4 1 5 - 3

10. Date

<b>Day</b>	<b>Month</b>	<b>Year</b>
0 6	1 0	2 0 1 5

**NAMEWISE CATEGORIES OF SHAREHOLDERS AS ON 30-06-2015**

Name	Shares Held	Total Shares	Percentage
<b><u>ORDINARY SHARES</u></b>			
<b><u>Directors:</u></b>			
MR. SHAHID NAZIR AHMAD	Chief Executive Officer	1,383,750	
MR. NASEER AHMAD SHAH	Chairman	37,500	
MR. MUHAMMAD ARSHAD	Director	18,750	
MR. FAZAL AHMAD	Director	30,000	
MR. MATLOOB HUSSAIN	Director	21,500	
MR. SHOAIB AHMAD KHAN (NIT Nominee)	Director	-	
MISS CHEN YAN (Shanghai Challenge - Nominee)	Director	-	
		<b>1,491,500</b>	<b>2.49</b>
<b><u>Shareholders Holding 10% or More:</u></b>			
MRS. NAZIA NAZIR		<b>18,100,000</b>	<b>18,100,000</b> <b>30.17</b>
<b><u>Associated Undertakings:</u></b>			
SHANGHAI CHALLENGE TEXTILE CO., LTD.		<b>14,621,274</b>	<b>14,621,274</b> <b>24.36</b>
<b><u>Investment Companies:</u></b>			
INVESTMENT CORPORATION OF PAKISTAN		<b>850</b>	<b>850</b> <b>0.00</b>
<b><u>Financial Institutions:</u></b>			
<b><u>Banks:</u></b>			
HABIB METROPOLITAN BANK LIMITED		571,700	
IDBP (ICP UNIT)		3,250	
NATIONAL BANK OF PAKISTAN		4,544,231	<b>5,119,181</b> <b>8.53</b>
<b><u>Insurance Companies</u></b>			
AGRO GENERAL INSURANCE COMPANY LIMITED		7,594	
DELTA INSURANCE COMPANY LIMITED		100	
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		392,750	<b>400,444</b> <b>0.67</b>
<b><u>Modarabas</u></b>			
THIRD PRUDENTIAL MODARABA		4,900	
UNICAP MODARABA		200	<b>5,100</b> <b>0.01</b>
<b><u>Mutual Fund</u></b>			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		<b>2,025,828</b>	<b>2,025,828</b> <b>3.38</b>



# MASOOD TEXTILE MILLS LIMITED

Name	Shares Held	Total Shares	Percentage
<b><u>Joint Stock Companies And Others</u></b>			
BEACON IMPEX (PVT) LIMITED	2,301,400		
FORTRESS TEXTILE (PVT) LIMITED	3,223,078		
H M INVESTMENTS (PVT) LIMITED	4,900		
ISMAIL ABDUL SHAKOOR SECURITIES (PVT) LIMITED	50		
KOHISTAN CORPORATION (PVT) LIMITED	3,900,000		
MAPLE LEAF CAPITAL LIMITED	1		
NH SECURITIES (PVT) LIMITED	5		
PASHA SECURITIES (PVT) LIMITED	100		
PRUDENTIAL CAPITAL MANAGEMENT LIMITED	1,600		
PAKISTAN KUWAIT INVESTMENT (PVT) LIMITED	2,600		
SAVARI (PVT) LIMITED	900		
SOFTWARE CREATIONS (PVT) LIMITED	4,114,000		
TRUSTEE NBP EMP BENEVOLENT FUND TRUST	3,249		
TRUSTEE NBP EMPLOYEES PENSION FUND	92,605		
Y.S. SECURITIES & SERVICES (PVT) LIMITED	160		
ZAFAR SECURITIES (PVT) LIMITED	77,000	13,721,648	22.87
<b>General Public:</b>		4,514,175	7.52
<b>TOTAL ORDINARY SHARES</b>		<b>60,000,000</b>	<b>100.00</b>
<b><u>PREFERENCE SHARES</u></b>			
<b><u>Banks:</u></b>			
ASKARI BANK LIMITED	-	2,500,000	
HABIB BANK LIMITED	-	10,000,000	
MCB BANK LIMITED	-	5,000,000	
NATIONAL BANK OF PAKISTAN	-	5,000,000	
UNITED BANK LIMITED	-	7,333,334	
		29,833,334	85.65
<b><u>Investment Companies:</u></b>			
PAKISTAN KUWAIT INVESTMENT COMPANY (PVT) LIMITED	-	5,000,000	14.35
<b>TOTAL PREFERENCE SHARES</b>		<b>34,833,334</b>	<b>100.00</b>



**FORM OF PROXY**

No. of Ordinary Shares Held. \_\_\_\_\_ Folio No. \_\_\_\_\_ CDC A/c No. \_\_\_\_\_

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member of MASOOD TEXTILE MILLS LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ (NAME)

of \_\_\_\_\_

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Company to be held at its Registered Office at Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad on Saturday, the 31<sup>st</sup> day of October, 2015 at 11.00 A.M. or any adjournment thereof.

As witnessed my hands this \_\_\_\_\_ day of \_\_\_\_\_ 2015

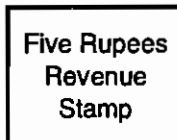
Signed by me in the presence of witness: \_\_\_\_\_

(Signature of witness)

CNIC. \_\_\_\_\_

(Member's Signature)

CNIC. \_\_\_\_\_



**Note:** Proxies, in order to be effective, must be received at the Company's Registered Office not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.