

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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COMPANY INFORMATION

CHAIRMAN/CHIEF EXECUTIVE OFFICER	:	MR. SHAHID NAZIR AHMAD
DIRECTORS	:	MR. NASEER AHMAD SHAH
	:	MR. MUHAMMAD ARSHAD
	:	MR. MATLOOB HUSSAIN
	:	MR. SHAHID IQBAL
	:	MR. FAZAL AHMAD
	:	MR. MUHAMMAD YOUSUF MEMON (NIT-Nominee)
COMPANY SECRETARY	:	MR. ABDUL BARI HAQQANI
CHIEF FINANCIAL OFFICER	:	MR. TANVEER AHMAD SIDDIQUI
AUDIT COMMITTEE	:	MR. FAZAL AHMAD (Chairman)
	:	MR. MATLOOB HUSSAIN
	:	MR. SHAHID IQBAL
AUDITORS	:	M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
SHARE REGISTRAR	:	ORIENT SOFTWARE AND MANAGEMENT SERVICES (PVT) LIMITED 35-Z, AMEER PLAZA, OPP: MUJAHID HOSPITAL COMMERCIAL CENTRE, MADINA TOWN FAISALABAD. PHONE: 041 - 8711930 - 8715759 FAX: 041 - 8711930
REGISTERED OFFICE	:	UNIVERSAL HOUSE, WEST CANAL ROAD, FAROOQABAD, FAISALABAD. PHONE: 041-8734910-12 FAX: 041-8731180
MILLS	:	32-K.M., SHEIKHUPURA ROAD, FAISALABAD.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, West Canal Road, Farooqabad, Faisalabad on Monday, 31st October, 2011 at 11.00 A.M. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on 30th October, 2010.
2. To receive and adopt the Audited Accounts of the Company for the financial year ended 30th June, 2011.
3. To approve the payment of cash dividend @ 17½ % (Rs. 1.75 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, 2012. 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: 05 October, 2011

(COMPANY SECRETARY)

NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 29th October to 5th November, 2011 (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, 2011 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 29th October to 5th November, 2011 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. (Rs.1.50 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, 2011 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. Moreover, the share holders claiming exemption from Zakat are required to file their Declaration with our Share Registrar.

DIRECTORS' REPORT TO THE MEMBERS

We have the honour to present 27th Annual Report of Masood Textile Mills Limited, comprising of Annual Accounts of the Company for the financial year ended 30th June, 2011 alongwith Auditors' Report thereon. The financial results of the Company for the year under discussion reflect an increase of 25.84 % in sales which were increased from Rupees 14.721 Billion to Rupees 18.525 Billion during the year under review, mainly due to increase in exports. Gross Profit margin increased from Rupees 2.635 Billion to Rupees 2.973 Billion as compared with the corresponding previous year. The resultant profit for the year before taxation was slightly enhanced from Rupees 904.428 Million to Rupees 944.947 Million. Moreover, earning per share was moved from Rupees 19.55 to Rupees 12.17 during the year under review, thus reflecting the impact of 100 percent right shares issued in the last quarter of the previous financial year. The declared financial results are quite encouraging inspite of abnormal highest cotton prices, increase in financial cost for increased working capital requirements, shortage of electricity & gas and general inflationary trend of cost components. Despite all above, the management adopted aggressive marketing strategies to boost exports in most competitive International Markets. Moreover, the management made stern efforts to enhance efficiency and reduction in cost by better utilization of available sources at each level of operation. The comparative financial results of the Company are reproduced as under:

	2011 (RUPEES IN THOUSAND)	2010
SALES	18,524,930	14,720,830
COST OF SALES	<u>(15,552,188)</u>	<u>(12,085,511)</u>
GROSS PROFIT	2,972,742	2,635,319
DISTRIBUTION COST	<u>(828,796)</u>	<u>(836,458)</u>
ADMINISTRATIVE EXPENSES	<u>(283,558)</u>	<u>(219,050)</u>
OTHER OPERATING EXPENSES	<u>(53,016)</u>	<u>(94,351)</u>
	<u>(1,165,370)</u>	<u>(1,149,859)</u>
	1,807,372	1,485,460
OTHER OPERATING INCOME	<u>60,649</u>	<u>14,242</u>
PROFIT FROM OPERATION	1,868,021	1,499,702
FINANCE COST	<u>(923,074)</u>	<u>(595,274)</u>
PROFIT BEFORE TAXATION	944,947	904,428
PROVISION FOR TAXATION	<u>(214,978)</u>	<u>(143,533)</u>
PROFIT AFTER TAXATION	<u>729,969</u>	<u>760,895</u>
EARNINGS PER SHARE - BASIC (RUPEES)	<u>12.17</u>	<u>19.55</u>
- DILUTED (RUPEES)	<u>8.03</u>	<u>10.54</u>

Our expansion programme continued including balancing, modernization and replacement to enhance the efficiency and maximizing the production facilities to meet the increasing requirement of our customers while consolidating the suppliers under the strategy of mega and meaningful partners. Furthermore, our customers' base has expanded globally during the recent years under DTS supplies (Direct to Stores) regime. Moreover, during the current period the prices of cotton and cotton yarn are decreasing due to bumper cotton crop which factor may provide good margins in the next financial year. However, we shall continue our efforts to avail further business opportunities to produce better financial results.

We would also like to express our concerns on the law and order situation prevailing in the country. Government should employ all resources to meet the challenges to improve the law and order situation. Otherwise, it would badly affect the economic conditions of the country. Moreover, the shortage of electricity and gas has adversely affected the timely execution of export orders and utilization of production capacities. During the current year, our country has once again hit by floods which badly affected the cotton crop especially in province Sindh. Under this situation the procurement of cotton, being the basic raw material for textiles, will be a matter of concern during the next financial year. Hence, the Government should introduce business friendly policies to keep the textile industry moving forward on the growth track to enhance exports for earning maximum foreign exchange and generating employment for the people of our country.

During the financial year under review, a casual vacancy, occurring in the Board due to substitution of NIT-Nominee Director, was filled up by the directors on the same day. Resultantly, Mr. Muhammad Asif was replaced by Mr. Muhammad Yousuf Memon. The participation of new NIT-Nominee in the Board was welcome by other Directors. It is hoped that the Company will be benefited by the experience and bright vision of the new Director on the Board.

Keeping in view the profitability and in line with continuous payout history of the Company, your Directors have recommended 17½ % cash dividend (Rupees 1.75 per ordinary 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, second redemption of 6,666,666 Preference Shares was affected, as per our obligation. Under the agreed terms and conditions, Preferred Dividend of Rupees 1.50 per share has been computed against balance Preference Shares on the basis of average six months KIBOR+200 bps p.a.

Keeping in view the relevant provisions of Corporate Governance, the Directors are pleased to state that financial statements along with cash flow statement and statement of changes in equity, present a fair view of the state of Company's affairs and that the proper books of account have been maintained. Appropriate accounting policies based on reasonable and prudent judgment, have been consistently applied and International Accounting Standards, as applicable in Pakistan, have been followed in preparing the financial statements for the year under discussion. The Directors further state that the system of internal control is sound in design and has been effectively implemented and monitored. There is no significant doubt upon the Company's ability to continue as a going concern and there has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

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

S. No.	Name of Directors	No. of Meetings Attended
1.	Mr. Shahid Nazir Ahmad	2
2.	Mr. Naseer Ahmad Shah	5
3.	Mr. Muhammad Arshad	5
4.	Mr. Matloob Hussain	5
5.	Mr. Shahid Iqbal	5
6.	Mr. Fazal Ahmad	5
7.	Mr. Muhammad Asif (NIT-Nominee)	2
8.	Mr. Muhammad Yousuf Memon (NIT-Nominee)	0

M/s. Riaz Ahmed & Company, Chartered Accountants, retire and being eligible, offer themselves for their re-appointment. As suggested 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, 2012.

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 additional information, as on 30th June, 2011.

In the last, we express our gratitude and appreciation to encourage hard working and devoted efforts of the officers and workers of the Company for maintaining the pleasant atmosphere and achieving their challenging targets by timely compliance of export orders. We also appreciate the patronage and support of our customers, suppliers, bankers, advisors and shareholders for conveying their continuous guidance and confidence in the Company.

FOR AND ON BEHALF OF THE BOARD

Faisalabad: 05 October, 2011

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



SIX YEARS FINANCIAL RESULTS

(RUPEES IN THOUSAND)

	2011	2010	2009	2008	2007	2006
SALES	18,524,930	14,720,830	10,946,180	7,884,785	6,017,735	4,899,190
COST OF SALES	(15,552,188)	(12,085,511)	(8,851,416)	(6,428,798)	(4,963,190)	(4,000,910)
GROSS PROFIT	2,972,742	2,635,319	2,094,764	1,455,987	1,054,545	898,280
DISTRIBUTION COST	(828,796)	(836,458)	(605,061)	(348,281)	(289,470)	(245,922)
ADMINISTRATIVE EXPENSES	(283,558)	(219,050)	(160,057)	(139,577)	(132,967)	(123,812)
OTHER OPERATING EXPENSES	(53,016)	(94,351)	(71,077)	(29,855)	(31,586)	(13,766)
	(1,165,370)	(1,149,859)	(836,195)	(517,713)	(454,023)	(383,500)
	1,807,372	1,485,460	1,258,569	938,274	600,522	514,780
OTHER OPERATING INCOME	60,649	14,242	11,397	8,700	6,887	2,778
PROFIT FROM OPERATIONS	1,868,021	1,499,702	1,269,966	946,974	607,409	517,558
FINANCE COST	(923,074)	(595,274)	(719,855)	(538,964)	(439,539)	(335,266)
PROFIT BEFORE TAXATION	944,947	904,428	550,111	408,010	167,870	182,292

VISION STATEMENT

- A leading producer of textile products by providing the highest quality of products and services to its customers.
- To strive for 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 2011**

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 one director representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the financial year under review, a casual vacancy, occurring in the Board due to substitution of NIT-Nominee Director, was filled up by the directors on the same day.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by the directors and employees of the Company.
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 directors, have been 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 five times during the year. 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 has managed orientation for its directors to apprise them of their duties and responsibilities.
10. The Board had already approved appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.



11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code 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 Code.
15. The Board has formed an Audit Committee. It comprises of three members including the Chairman of the Committee.
16. The meetings of the Audit Committee were held prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function to carry out the policies and procedures of the Company.
18. 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.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied.

For Masood Textile Mills Limited

**Faisalabad:
05 October, 2011**

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

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **MASOOD TEXTILE MILLS LIMITED** ("the Company") for the year ended 30 June 2011, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal 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.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism.

Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2011.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement Partner:
Liaqat Ali Panwar

Date: 05 October 2011
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MASOOD TEXTILE MILLS LIMITED** as at 30 June 2011 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 2011 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:
Liaqat Ali Panwar

Date: 05 October 2011
FAISALABAD

BALANCE SHEET AS

	NOTE	2011 (RUPEES IN THOUSAND)	2010 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
65 000 000 (2010: 65 000 000) ordinary shares of Rupees 10 each		650,000	650,000
60 000 000 (2010: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		<u>1,250,000</u>	<u>1,250,000</u>
Issued, subscribed and paid up share capital	3	1,075,000	1,141,667
Reserves	4	<u>2,713,378</u>	<u>2,152,708</u>
Total equity		3,788,378	3,294,375
Surplus on revaluation of operating fixed assets		379,420	379,420
Deferred income on sale and lease back of operating fixed assets		-	352
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	1,254,840	1,463,491
Liabilities against assets subject to finance lease	6	110,683	118,152
Deferred liability for gratuity	7	223,885	185,886
		1,589,408	1,767,529
CURRENT LIABILITIES			
Trade and other payables	8	2,012,273	1,822,699
Accrued mark-up	9	183,842	137,069
Short term borrowings	10	6,096,208	4,320,052
Current portion of non-current liabilities	11	705,285	432,086
Provision for taxation		214,978	143,533
		<u>9,212,586</u>	<u>6,855,439</u>
Total Liabilities		10,801,994	8,622,968
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		<u>14,969,792</u>	<u>12,297,115</u>

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

CHIEF EXECUTIVE OFFICER



AT 30 JUNE 2011

	NOTE	2011 (RUPEES IN THOUSAND)	2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,669,160	3,942,511
Long term advances	14	3,738	3,188
Long term security deposits		17,481	8,842
		<u>4,690,379</u>	<u>3,954,541</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	15	631,018	484,809
Stock in trade	16	4,895,990	2,789,329
Trade debts	17	2,964,896	3,538,815
Loans and advances	18	185,345	205,052
Short term deposits and prepayments	19	291,671	248,099
Other receivables	20	609,077	594,396
Cash and bank balances	21	701,416	482,074
		<u>10,279,413</u>	<u>8,342,574</u>
TOTAL ASSETS		<u><u>14,969,792</u></u>	<u><u>12,297,115</u></u>

DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 (RUPEES IN THOUSAND)	2010
SALES	22	18,524,930	14,720,830
COST OF SALES	23	(15,552,188)	(12,085,511)
GROSS PROFIT		2,972,742	2,635,319
DISTRIBUTION COST	24	(828,796)	(836,458)
ADMINISTRATIVE EXPENSES	25	(283,558)	(219,050)
OTHER OPERATING EXPENSES	26	(53,016)	(94,351)
		(1,165,370)	(1,149,859)
		1,807,372	1,485,460
OTHER OPERATING INCOME	27	60,649	14,242
PROFIT FROM OPERATIONS		1,868,021	1,499,702
FINANCE COST	28	(923,074)	(595,274)
PROFIT BEFORE TAXATION		944,947	904,428
PROVISION FOR TAXATION	29	(214,978)	(143,533)
PROFIT AFTER TAXATION		729,969	760,895
<hr/>			
EARNINGS PER SHARE - BASIC (RUPEES)	30	12.17	19.55
- DILUTED (RUPEES)	30	8.03	10.54

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 (RUPEES IN THOUSAND)	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	2,622,292	1,815,427
Finance cost paid		(876,301)	(655,163)
Income tax paid		(206,432)	(151,496)
Dividend paid to ordinary shareholders		(89,738)	(45,917)
Dividend paid to preference shareholders		(79,299)	(101,633)
Gratuity paid		(44,236)	(27,248)
Net (increase)/decrease in long term security deposits		(8,639)	3,400
Net cash generated from operating activities		1,317,647	837,370
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		46,819	56,926
Capital expenditure on property, plant and equipment		(1,099,028)	(1,025,161)
Long term advances		(550)	1,628
Net cash used in investing activities		(1,052,759)	(966,607)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		510,228	374,834
Repayment of long term financing		(387,349)	(519,113)
Repayment of preference shares		(66,667)	(58,333)
Proceeds from issue of right shares		-	600,000
Payment of finance lease liabilities		(101,758)	(107,103)
Net cash (used in)/from financing activities		(45,546)	290,285
NET INCREASE IN CASH AND CASH EQUIVALENTS		219,342	161,048
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		482,074	321,026
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 21)		701,416	482,074

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 2011**

	RESERVES								
	SHARE CAPITAL	CAPITAL			REVENUE			TOTAL RESERVES	TOTAL EQUITY
		SHARE PREMIUM	REDEMPTION FUND	SUB TOTAL	GENERAL	UNAPPROPRIATED PROFIT	SUB TOTAL		
(RUPEES IN THOUSAND)									
Balance as at 30 June 2009	900,000	100,000	200,000	300,000	214,500	723,946	938,446	1,238,446	2,138,446
Preference shares repaid	(58,333)	-	-	-	-	-	-	-	(58,333)
Transfer from capital redemption reserve fund	-	-	(58,333)	(58,333)	-	58,333	58,333	-	-
Transfer to capital redemption reserve fund	-	-	58,333	58,333	-	(58,333)	(58,333)	-	-
Right shares issued	300,000	300,000	-	300,000	-	-	-	300,000	600,000
Dividend at the rate of Rupees 1.50 per share (Ordinary shares)	-	-	-	-	-	(45,000)	(45,000)	(45,000)	(45,000)
Dividend at the rate of Rupees 1.69 per share (Preference shares)	-	-	-	-	-	(101,633)	(101,633)	(101,633)	(101,633)
Total comprehensive income for the year ended 30 June 2010	-	-	-	-	-	760,895	760,895	760,895	760,895
Balance as at 30 June 2010	1,141,667	400,000	200,000	600,000	214,500	1,338,208	1,552,708	2,152,708	3,294,375
Preference shares repaid	(66,667)	-	-	-	-	-	-	-	(66,667)
Transfer from capital redemption reserve fund	-	-	(66,667)	(66,667)	-	66,667	66,667	-	-
Transfer to capital redemption reserve fund	-	-	66,667	66,667	-	(66,667)	(66,667)	-	-
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 1.46 per share (Preference shares)	-	-	-	-	-	(79,299)	(79,299)	(79,299)	(79,299)
Total comprehensive income for the year ended 30 June 2011	-	-	-	-	-	729,969	729,969	729,969	729,969
Balance as at 30 June 2011	1,075,000	400,000	200,000	600,000	214,500	1,898,878	2,113,378	2,713,378	3,788,378

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 2011

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 stock exchanges in Pakistan. Its registered office is situated at Universal House, West Canal 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 7).
- Land grouped in operating fixed assets which is carried at revalued amount (Note 13.1).
- Long term interest free loan which is carried at amortized cost (Note 5.2).

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 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.

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 the current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2010:

International Accounting Standard (IAS) 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of the amendment does not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

IAS 7 (Amendment), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2010). The amendment provides clarification that only expenditure that results in a recognized asset in the balance sheet can be classified as a cash flow from investing activity. The clarification results in an improvement in the alignment of the classification of cash flows from investing activities in the cash flow statement and the presentation of recognized assets in the balance sheet. The application of the amendment does not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

IFRS 8 (Amendment), 'Operating Segments' (effective for annual periods beginning on or after 01 January 2010). The amendment is part of the International Accounting Standards Board's (IASB) annual improvements project published in April 2009. The amendment provides clarification that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker (CODM) reviews that information. The application of the amendment does not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

e) Interpretations and amendments to published approved standards that are effective in current year but not relevant to the Company

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2010 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 approved 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 2011 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2013). This standard is the first step in the process to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 July 2011). The new disclosure requirements apply to transfer of financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are part of the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. The management of the Company is in the process of evaluating the impacts of the aforesaid amendment on the Company's financial statements.

IFRS 13 'Fair Value Measurements' (effective for annual period beginning on or after 01 January 2013). IFRS 13 establishes a single framework for measuring fair value where that is required by other standards. IFRS 13 applies to both financial and non-financial items measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 July 2012). It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

There are other amendments resulting from annual improvements project initiated by International Accounting Standards Board in May 2010, specifically in IFRS 7 'Financial Instruments: Disclosures', and IAS 1 'Presentation of Financial Statements' that are considered relevant to the Company's financial statements. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards, interpretations and amendments to published approved standards that are not effective in current year and not considered relevant to the Company

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2011 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 benefits

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 2011 by the consulting actuaries using Projected Unit Credit Actuarial Cost Method.

The Company's policy with regard to actuarial gains/(losses) is to follow the minimum recommended approach under IAS-19 "Employee Benefits".

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**Owned**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except 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.

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.

Depreciation

Depreciation on property, plant and equipment is charged to income on reducing balance method at the rates given in Note 13.1 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.

Derecognition

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 derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

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 Related party transactions and transfer pricing

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method.

2.9 Provisions

Provisions are recognised 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.

2.10 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.

2.11 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.

2.12 Share capital

Ordinary and preference shares are classified as equity.

2.13 Financial instruments

Financial instruments carried on the balance sheet include long-term and short-term 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 is 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:

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.

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.

Trade and other payables

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

2.14 Off setting

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.

2.15 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.

2.16 Dividend and transfer of reserve

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.

2.17 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

2011 (NUMBER OF SHARES)	2010		2011 (RUPEES IN THOUSAND)	2010
60 000 000	60 000 000	Ordinary shares of Rupees 10 each fully paid in cash	600,000	600,000
47 500 001	54 166 667	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 3.1 & 3.2)	475,000	541,667
<u>107 500 001</u>	<u>114 166 667</u>		<u>1,075,000</u>	<u>1,141,667</u>

3.1 Movement during the year

54 166 667	60 000 000	As at 01 July	541,667	600,000
6 666 666	5 833 333	Cumulative preference shares (non-voting) of Rupees 10 each repaid during the year	66,667	58,333
<u>47 500 001</u>	<u>54 166 667</u>		<u>475,000</u>	<u>541,667</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 the 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.

c) Rate of dividend

The preference dividend is payable at the average rate of six months KIBOR plus 2 percent per annum on cumulative basis. According to the terms of issuance, dividend to ordinary shareholders could only be paid after the payment of preference dividend to preference shareholders.

d) Sinking fund reserve

The Company has created a sinking fund reserve (capital redemption reserve fund) from the profits of the Company to make payments against any call option. The Company has built-up this sinking fund reserve to ensure that at the end of the fourth year from the issuance date, the reserve is equal to one third of the total amount of preference shares. This reserve account will subsequently be replenished to ensure that one third of the outstanding preference shares amount is available in the reserve account.

	2011	2010
	(RUPEES IN THOUSAND)	
4. RESERVES		
Composition of reserves is as follows:		
Capital		
Share premium (Note 4.1)	400,000	400,000
Capital redemption reserve fund (Note 4.2)	<u>200,000</u>	<u>200,000</u>
	600,000	600,000
Revenue		
General	<u>214,500</u>	<u>214,500</u>
Unappropriated profit	<u>1,898,878</u>	<u>1,338,208</u>
	2,113,378	1,552,708
	<u><u>2,713,378</u></u>	<u><u>2,152,708</u></u>

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

4.2 The Company has created this reserve from its profits to make payments against any call option of preference shares.

5. LONG TERM FINANCING - SECURED

Long term loans (Note 5.1)	1,882,466	1,732,004
Amortized cost of long term mark up free finance (Note 5.2)	<u>33,019</u>	<u>60,602</u>
	1,915,485	1,792,606
Less: Current portion shown under current liabilities (Note 11)	<u>660,645</u>	<u>329,115</u>
	<u><u>1,254,840</u></u>	<u><u>1,463,491</u></u>



5.1 Long term loans

LENDER	2011	2010	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST PAYABLE	SECURITY
(RUPEES IN THOUSAND)							
5.1.1 Demand Finances / Long Term Finances for Export Oriented Projects:							
United Bank Limited	31,530	41,232	7%	Twenty four, quarterly	15 February 2008	Quarterly	First charge on specific machinery
United Bank Limited	6,558	8,432	7%	Twenty four, quarterly	31 March 2008	Quarterly	First charge on specific machinery
United Bank Limited	5,000	25,000	6 Month offer KIBOR+2.00%	Ten, half yearly	06 April 2009	Half yearly	Equitable / registered mortgage on operating fixed assets of the Company for Rupees 134 million
United Bank Limited	29,862	44,493	6 Month offer KIBOR+2.00%	Ten, half yearly	30 December 2009	Half yearly	First charge on specific machinery
United Bank Limited	11,823	13,513	10%	Twenty four, quarterly	19 December 2010	Quarterly	First charge on specific machinery
United Bank Limited	12,172	13,278	10%	Twenty four, quarterly	20 January 2011	Quarterly	First charge on specific machinery
United Bank Limited	3,229	3,369	10.25%	Twenty four, quarterly	10 May 2011	Quarterly	First charge on specific machinery
United Bank Limited	8,075	9,547	9.20%	Twelve, quarterly	23 May 2010	Quarterly	First charge on specific machinery
United Bank Limited	2,807	2,720	10.25%	Twenty four, quarterly	03 June 2011	Quarterly	First charge on specific machinery
United Bank Limited	33,104	37,833	9.20%	Eight, quarterly	17 June 2011	Quarterly	First charge on specific machinery
United Bank Limited	27,689	27,688	9.30%	Eight, quarterly	12 July 2011	Quarterly	First charge on specific machinery
United Bank Limited	15,890	-	10.50%	Twenty four, quarterly	12 October 2011	Quarterly	First charge on specific machinery
United Bank Limited	47,202	-	11%	Eight, quarterly	01 March 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	21,547	25,138	10%	Twenty one, quarterly	09 January 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	61,415	67,878	10%	Twenty one, quarterly	22 February 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	21,206	21,208	10%	Twenty one, quarterly	18 August 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	17,122	17,122	10.25%	Twenty one, quarterly	26 May 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	54,594	54,594	10.50%	Twenty one, quarterly	29 July 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	29,119	29,119	10.50%	Twenty one, quarterly	08 August 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	40,117	40,117	10.50%	Twenty one, quarterly	17-Sep-12	Quarterly	First charge on specific machinery
Habib Bank Limited	2,876	-	10.50%	Twenty one, quarterly	21 October 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	4,482	-	11.20%	Twenty one, quarterly	28 March 2013	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Limited	43,965	-	10.40%	Eight, half yearly	30 January 2012	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Limited	60,540	-	11.10%	Eight, half yearly	30 January 2012	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Limited	32,947	-	11.00%	Four, half yearly	11 May 2012	Quarterly	First charge on specific machinery
Pak Oman Investment Company Limited	12,332	-	11.20%	Twenty two, quarterly	15 July 2012	Quarterly	First charge on specific machinery
Pak Oman Investment Company Limited	45,209	-	11.00%	Twelve, quarterly	03 March 2011	Quarterly	First charge on specific machinery
Pak Oman Investment Company Limited	25,424	-	12.50%	Twelve, quarterly	14 July 2011	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	24,484	27,365	10.00%	Thirty eight, quarterly	24 July 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	16,572	18,520	10.25%	Thirty eight, quarterly	05 September 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	39,230	43,846	10.25%	Thirty eight, quarterly	20 September 2010	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	7,844	9,209	10.25%	Twenty eight, quarterly	11 May 2010	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	4,108	4,108	10.25%	Thirty two, quarterly	19 June 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	3,707	3,707	10.50%	Thirty two, quarterly	28 July 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	17,970	17,970	10.50%	Thirty two, quarterly	24 August 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	83,891	-	10.50%	Thirty two, quarterly	20 October 2012	Quarterly	First charge on specific machinery
The Bank of Punjab	48,539	-	10.40%	Sixteen, quarterly	31 October 2011	Quarterly	First charge on specific machinery
The Bank of Punjab	52,885	-	11.10%	Sixteen, quarterly	15 January 2012	Quarterly	First charge on specific machinery
	982,466	607,004					
5.1.2 Syndicate Term Finance:							
United Bank Limited	210,000	282,500	3 Month offer KIBOR+1.50%	Seven, half yearly unequal installments	22 April 2010	Quarterly	Acquired by the Company against fixed assets 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.
Habib Bank Limited	210,000	282,500					
NIB Bank Limited	90,000	112,500					
The Bank of Punjab	150,000	187,500					
Habib Metropolitan Bank Limited	90,000	112,500					
Summit Bank Limited (formerly Atlas Bank Limited)	90,000	112,500					
The Bank of Khyber	60,000	75,000					
	900,000	1,125,000					
	1,862,466	1,732,004					

2011
(RUPEES IN THOUSAND)

2010

5.2 Reconciliation of principal amount and carrying value:

Principal outstanding (Note 5.2.1)	34,195	68,391
Effect of adjustment (Note 5.2.2)	(7,789)	(19,246)
Amortization charged to profit and loss account using the effective interest method (Note 28)	6,613	11,457
Carrying value as at 30 June	<u>33,019</u>	<u>60,602</u>

5.2.1 This finance represents Habib Bank Limited DF-II secured by way of equitable / registered mortgage on operating fixed assets of the Company and personal guarantee of directors. The finance was free from mark-up and repayable in twenty two unequal quarterly installments commenced from 30 September 2006.

5.2.2 The Company has determined the amortized cost of its long term mark-up free finance using the effective interest method in the financial year ended 30 June 2008. Rate of interest used to calculate the amortized cost is the fair market rate applicable on the Financial Instruments of similar nature and condition.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future rentals and year during which they fall due are as under:

2011	-	125,917
2012	63,568	48,366
2013	46,822	35,882
2014	45,437	34,800
2015	35,036	27,562
2016	8,577	-
	<u>199,440</u>	<u>272,527</u>
Less: Financial charges	44,117	51,404
Present value of minimum lease rental payments	155,323	221,123
Less: Current portion shown under current liabilities (Note 11)	44,640	102,971
	<u>110,683</u>	<u>118,152</u>

6.1 The value of minimum lease payments has been discounted using implicit interest rate of 7.00 to 16.28 percent per annum (2010: 7.00 to 15.41 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 8.743 million (2010: Rupees 6.007 million) included in long term security deposits and Rupees 4.000 million (2010: Rupees 10.027 million) included in short term deposits and prepayments (Note 19).

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

	2011		2010	
	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	63,568	135,872	125,917	146,610
Less: Financial charges	18,928	25,189	22,946	28,458
Present value of minimum lease payments	44,640	110,683	102,971	118,152

	2011	2010
	(RUPEES IN THOUSAND)	
7. DEFERRED LIABILITY FOR GRATUITY		
Opening balance	185,886	148,770
Add: Provision for the year (Note 7.1)	81,168	70,237
	<u>267,054</u>	<u>219,007</u>
Less: Payments made during the year	(44,236)	(27,248)
Decrease/(Increase) in current liability-net	1,067	(5,873)
	<u>(43,169)</u>	<u>(33,121)</u>
	<u>223,885</u>	<u>185,886</u>
7.1 Provision for the year:		
Current service cost	58,019	52,661
Interest cost	23,149	17,576
	<u>81,168</u>	<u>70,237</u>
7.2 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	192,905	146,469
Current service cost	58,019	52,661
Interest cost	23,149	17,576
Benefits paid during the year	(44,236)	(27,248)
Decrease/(Increase) in current liability - net	1,067	(5,873)
Actuarial loss on present value	2,246	9,320
Present value of defined benefit obligations as at 30 June	<u>233,150</u>	<u>192,905</u>

2011
(RUPEES IN THOUSAND) 2010

7.3 Reconciliation of present value of defined benefit obligations and liability recognized as at 30 June is given below:

Present value of defined benefit obligations as at 30 June	233,150	192,905
Unrecognized actuarial loss-accumulative	<u>(9,265)</u>	<u>(7,019)</u>
Recognized liability	<u>223,885</u>	<u>185,886</u>

Principal Actuarial Assumptions:

Discount rate	14% per annum	12% per annum
Expected rate of increase in salary in future years	13% per annum	11% per annum
Average expected remaining life time of employees	13 years	13 years

7.4 The present value of defined benefit obligation is as follows:

	2011	2010	2009	2008	2007
	------(RUPEES IN THOUSAND)-----				
Present value of defined benefit obligations	233,150	192,905	146,469	108,436	93,367
Experience adjustment arising on plan liabilities	2,246	9,320	(2,948)	(2,540)	3,681

8. TRADE AND OTHER PAYABLES

Creditors	1,285,042	1,228,250
Advances from customers	17,787	11,973
Accrued liabilities	645,050	501,879
Income tax deducted at source	4,764	5,813
Workers' welfare fund	1,898	19,433
Workers' profit participation fund (Note 8.1)	49,931	47,812
Unclaimed dividend	7,801	7,539
	<u>2,012,273</u>	<u>1,822,699</u>

8.1 Workers' Profit Participation Fund

Balance as at 01 July	47,812	29,096
Add: Provision for the year (Note 26)	49,931	47,812
Interest for the year (Note 28)	2,791	4,005
	<u>100,534</u>	<u>80,913</u>
Less: Payments during the year	50,603	33,101
	<u>49,931</u>	<u>47,812</u>

8.1.1 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.

9. ACCRUED MARK-UP	2011 (RUPEES IN THOUSAND)	2010
Long term financing	46,825	67,064
Short term borrowings	137,017	70,005
	<u>183,842</u>	<u>137,069</u>

10. SHORT TERM BORROWINGS - SECURED

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 and pledge/hypothecation of stores and spare parts, stocks, work-in-process, lien on export receivable and personal guarantee of directors. Mark-up is paid at the rate of 3.75% per annum to 15.96% per annum (2010: 3.75% per annum to 15.33% per annum). The sanctioned credit facilities are Rupees 8,375 million (2010: Rupees 5,250 million).

11. CURRENT PORTION OF NON CURRENT LIABILITIES

Long term financing (Note 5)	660,645	329,115
Liabilities against assets subject to finance lease (Note 6)	44,640	102,971
	<u>705,285</u>	<u>432,086</u>

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Guarantees of Rupees 56.412 million (2010: Rupees 39.912 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Collector of Customs, Lahore for import license fee.

b) Commitments

Contracts for capital expenditure are amounting to Rupees 88.629 million (2010: Rupees 496.899 million) and other than capital expenditure are Rupees 77.001 million (2010: Rupees 104.182 million).

13. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 13.1)	4,295,996	3,446,083
Assets subject to finance lease (Note 13.1)	204,129	361,255
Capital work-in-progress (Note 13.2)	169,035	135,173
	<u>4,669,160</u>	<u>3,942,511</u>

13.1 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
(RUPEES IN THOUSAND)														
At 01 July 2009														
Cost / revalued amount	621,274	528,304	2,207,493	187,020	66,341	15,068	99,897	3,081	122,750	122,996	3,954,224	491,139	43,231	534,370
Accumulated depreciation	-	(139,014)	(766,143)	(65,496)	(33,723)	(6,810)	(45,263)	(2,076)	(63,842)	(61,658)	(1,186,025)	(159,844)	(16,134)	(175,978)
Net book value	621,274	389,290	1,441,350	101,524	32,616	6,258	54,634	1,005	58,908	61,338	2,768,199	331,295	27,097	358,392
Year ended 30 June 2010														
Opening net book value	821,274	389,290	1,441,350	101,524	32,616	6,258	54,634	1,005	58,908	81,338	2,768,199	331,295	27,097	358,392
Additions / adjustments	52,530	129,960	651,080	44,121	3,786	1,461	17,571	552	28,665	34,207	963,933	-	94,678	94,678
Deletions / adjustments														
Cost	-	-	(68,333)	-	(6,315)	-	(14)	(76)	(10)	(14,946)	(90,696)	(100,000)	(1,279)	(101,279)
Accumulated depreciation	-	-	28,117	-	5,138	-	9	42	8	7,942	41,255	49,518	784	50,300
Depreciation charge	-	(22,516)	(159,960)	(11,900)	(1,179)	-	(5)	(36)	(1)	(7,004)	(49,441)	(50,484)	(495)	(50,979)
Closing net book value	673,804	496,732	1,891,254	133,745	32,173	6,888	62,978	1,343	73,801	73,567	3,446,083	250,696	110,559	361,255
At 30 June 2010														
Cost / revalued amount	673,804	658,264	2,789,240	211,141	63,812	18,529	117,484	3,555	151,405	142,257	4,827,481	391,139	136,630	527,769
Accumulated depreciation	-	(161,532)	(897,986)	(77,396)	(31,639)	(9,843)	(54,476)	(2,212)	(77,604)	(68,890)	(1,381,376)	(140,443)	(26,071)	(166,514)
Net book value	673,804	496,732	1,891,254	133,745	32,173	6,888	62,978	1,343	73,801	73,567	3,446,083	250,696	110,559	361,255
Year ended 30 June 2011														
Opening net book value	873,804	496,732	1,891,254	133,745	32,173	8,886	62,978	1,343	73,801	73,567	3,446,083	250,696	110,559	361,255
Additions	50,012	161,610	729,085	70,344	5,702	1,187	17,017	287	18,127	11,795	1,085,166	-	35,958	35,958
Transfer:														
Cost	-	-	228,856	-	-	-	-	-	-	43,769	270,619	(226,850)	(43,769)	(270,619)
Accumulated depreciation	-	-	(98,345)	-	-	-	-	-	-	(23,957)	(122,302)	98,345	23,957	122,302
Deletions:			128,505	-	-	-	-	-	-	19,812	148,317	(128,505)	(19,812)	(148,317)
Cost	-	(10,415)	(24,362)	(4,135)	(460)	(101)	(6,866)	-	(512)	(20,805)	(67,656)	-	-	-
Accumulated depreciation	-	5,447	9,027	2,232	266	61	2,180	-	358	11,236	30,789	-	-	-
Depreciation charge	-	(4,968)	(15,335)	(1,903)	(194)	(40)	(4,706)	-	(154)	(9,567)	(36,867)	-	-	-
Closing net book value	723,816	623,501	2,500,892	184,851	34,393	8,738	64,873	1,414	74,960	80,558	4,295,996	99,169	104,960	204,129
At 30 June 2011														
Cost / revalued amount	723,816	609,459	3,720,813	277,350	69,054	17,815	127,605	3,842	169,020	177,016	6,095,590	164,289	128,819	293,108
Accumulated depreciation	-	(185,958)	(1,219,921)	(92,499)	(34,961)	(10,877)	(82,732)	(2,428)	(94,060)	(86,458)	(1,799,594)	(65,120)	(23,859)	(88,979)
Net book value	723,816	423,501	2,500,892	184,851	34,393	6,738	64,873	1,414	74,960	80,558	4,295,996	99,169	104,960	204,129
Annual rate of depreciation (%)	-	5	10	10	10	15	15	15	20	20	-	10	20	-

13.1.1 Freehold land of the Company was revalued as at 30 June 2007 by an independent valuer using market value method and stated in note 13.1 at appreciated value. Previously, it was revalued by an independent valuer as at 30 September 1995. Had there been no revaluation on that date, the value of freehold land would have been lower by Rupees 379.420 million (2010: Rupees 379.420 million). The book value of freehold land on cost basis is Rupees 344.396 million (2010: Rupees 294.384 million).

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

	(RUPEES IN THOUSAND)	
	2011	2010
Owned:		
Cost of sales (Note 23)	283,113	197,430
Distribution cost (Note 24)	527	316
Administrative expenses (Note 25)	43,063	38,862
	326,703	236,608
Leased:		
Cost of sales (Note 23)	23,022	30,115
Distribution cost (Note 24)	5,412	3,936
Administrative expenses (Note 25)	16,333	8,785
	44,787	40,836
	371,470	277,444

13.1.3 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/ CLAIM PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASERS
RUPEES IN THOUSAND						
BUILDING						
Unit # 1, 3 and sample room (floor tiles,venyle & plastic emulsion & structural damages)	10,415	5,447	4,968	4,968	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
PLANT & MACHINERY						
Sewing machines	24,025	8,820	15,205	15,205	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
ELECTRIC & GAS INSTALLATIONS						
Circuit breakers etc.	822	425	397	397	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
PVC cable & installation costs etc.	2,524	1,352	1,172	1,172	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
FACTORY EQUIPMENT						
Stain blowers	140	81	59	59	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
Steam pressee	143	82	60	60	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
FURNITURE & FIXTURE						
Roler hanger system with hangers	612	199	413	413	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
Tube lights & channels	788	270	518	518	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
Packing tables, wooden racks & glass partitions	3,718	1,129	2,589	2,589	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
Air conditioner units	440	147	293	293	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
Air coolers & ceiling fans	602	191	411	410	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
COMPUTER EQUIPMENT						
Printer HP laser jet	125	56	59	69	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
VEHICLES						
FDZ-9966, Suzuki Baleno	389	289	120	555	Negotiation	Mr. Abdul Ghaflar, Company Employee
LXN-878, Honda Civic	1,092	976	116	350	Negotiation	Muhammad Amin, Sheikhpura Road Faisalabad
FSP-8666, Toyota 20D	1,319	765	554	564	Negotiation	Mr. Fazal Elehi, Company Employee
FDZ-5376, Suzuki Mehran	236	172	64	150	Negotiation	Mr. Muhammad Hussain Company Employee
FDZ-8386, Suzuki Mehran	275	195	80	261	Negotiation	Mr. Muhammad Usman, Company Employee
FS-476, Suzuki Cultus	299	182	117	393	Negotiation	Mr. Amir Iqbal, Company Employee
FS-7976, Coure	250	158	92	248	Negotiation	Mr. Ehtisham Ali, Company Employee
FSB-4076, Suzuki Cultus	253	124	129	483	Negotiation	Mr. Mehmood Ahmad Ejaz, Company employee
FSC-175, Coure	504	388	116	395	Negotiation	Mr. Imtiaz Shahid, Company Employee
FSE-776, Toyota Corolla	413	134	279	772	Negotiation	Mr. Khawaja Mehmood Ellahi, Company Employee
FSF-1276, Coure	265	133	132	424	Negotiation	Mr. Nadeem Ghaffar, Company Employee
FSH-476, Coure	301	96	205	547	Negotiation	Mr. Nadeem Ahmad Khan, Company Employee
FSH-1176, Coure	177	22	155	390	Negotiation	Mr. Sheikue Ullah, Company Employee
FSH-198, Toyota Corolla Xii	1,252	837	415	612	Negotiation	Mr. Sajid Zafar, Company employee
FSP-894, Toyota Corolla 20D	1,365	825	540	540	Negotiation	Mr. Tayyab Masood, Company Employee
FS-8976, Coure	223	115	108	337	Negotiation	Mr. Shehzad Asgher, Company Employee
FSM-1078, Coure	292	59	233	453	Negotiation	Mr. Hussein Ahmad, Company Employee
FOZ-8000, Honda City	374	259	115	550	Negotiation	Mr. Minhammad Saleem, Chak No. 527 Gb, Post Office Khas, Tehsil Samundhi, District Faisalabad.
FOZ-5776, Hyundai Van	682	464	178	520	Negotiation	Mr. Malik Sohail, Sabzazar Scheme, Milton Road, Lahore
FDA-1459, Toyota Corolla Gli	1,371	8	1,363	1,384	Insurance claim	New Jubilee Insurance Company Limited, Kotwali Road, Faisalabad
FDA-07-2293, Suzuki Cultus	616	347	269	457	Negotiation	Mr. Tanveer Hussain, Company employee
FOA-5276, Suzuki Cultus	301	209	92	497	Negotiation	Mr. Umair Riaz, Company Employee
FS-4343, Suzuki Cultus	375	254	121	394	Negotiation	Mr. Ishaq Ahmad, Company Employee
LRR-178, Suzuki Cultus	300	162	138	325	Negotiation	Mr. Reshid Gumani Company Employee
FSH-7076, Suzuki Cultus	409	117	292	422	Negotiation	Mr. Nadeem Arshad Company Employee
FSL-1878, Suzuki Cultus	400	80	320	583	Negotiation	Mr. Muhammad Shahid Naveed Company Employee
FDW-2776, Suzuki Mehran	353	302	51	203	Negotiation	Mr. Zahoor Ahmad Company Employee
LRG-1265, Suzuki Mehran	135	69	66	180	Negotiation	Mr. Muhammed Zahid Company Employee
FSH-6666, Toyota Corolla 20D	740	155	585	700	Negotiation	Mr. Muhammed Binayamin Company Employee
FSD-478, Toyota Corolla Xii	1,074	803	271	793	Negotiation	Mr. Rana Shahbaz Ahmed Company Employee
FSK-1276, Toyota Corolla Xii	596	143	453	748	Negotiation	Mr. Zahid Mehmood Company Employee
FSK-1376, Toyota Corolla Xii	806	135	471	916	Negotiation	Mr. Qaiser Ahmed Company Employee
FS-8476, Adam Truck	231	130	101	341	Negotiation	Mr. Amir Nadeem, Hajwari Town, Millat Road, Bilal Ganj, Faisalabad.

Book Value of other assets disposed of during the year was less than Rupees 50,000.

2011
(RUPEES IN THOUSAND)

2010

13.2 CAPITAL WORK-IN-PROGRESS

Building	6,862	68,672
Plant and machinery	144,006	7,203
Advances against purchase of land	2,324	-
Advances against purchase of machinery	15,843	59,298
	<u>169,035</u>	<u>135,173</u>

13.3 Borrowing cost of Rupees 6.149 million (2010: Rupees 2.056 million) was capitalized during the year using the capitalization rate of 11.10% per annum (2010: 10% per annum).

14. LONG TERM ADVANCES

Considered good:

Secured:

Advances to employees

Executives (Note 14.1)

Other employees

5,110	2,268
1,500	3,288
6,610	5,556
2,872	2,368
<u>3,738</u>	<u>3,188</u>

Less : Current portion shown under current assets (Note 18)

14.1 Reconciliation of advances given to executives is given below:

Opening balance as at 01 July	2,268	3,025
Add: Disbursement made during the year	3,400	199
	<u>5,668</u>	<u>3,224</u>
Less: Recovered during the year	558	956
Closing balance as at 30 June	<u>5,110</u>	<u>2,268</u>

14.1.1 Maximum balance due from executives at the end of any month during the year was Rupees 5.248 million (2010: Rupees 3.025 million).

14.2 These represent the interest free advances to Company's employees recoverable in equal monthly installments and secured against lien on residential houses of the employees.

14.3 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.

15. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	540,060	395,531
Spare parts	89,024	88,221
Loose tools	1,934	1,057
	<u>631,018</u>	<u>484,809</u>

	2011	2010
	(RUPEES IN THOUSAND)	
16. STOCK IN TRADE		
Raw material	1,796,056	1,090,472
Work-in-process	1,317,446	699,067
Finished goods (Note 16.1)	1,770,458	989,622
Waste	12,030	10,168
	<u>4,895,990</u>	<u>2,789,329</u>
16.1 This includes stocks amounting to Rupees 162.849 million (2010: Rupees 42.726 million) valued at net realizable value.		
17. TRADE DEBTS		
Considered good:		
Secured against letters of credit	798,821	810,430
Unsecured	2,166,075	2,728,385
	<u>2,964,896</u>	<u>3,538,815</u>
Considered doubtful:		
Others - unsecured	24,832	24,832
Less: Provision for doubtful debts	24,832	24,832
	<u>-</u>	<u>-</u>
17.1 As at 30 June 2011, trade debts of Rupees 150.212 million (2010 : Rupees 127.031 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:		
Upto 1 month	86,018	65,963
1 to 6 months	49,775	44,368
More than 6 months	14,419	16,700
	<u>150,212</u>	<u>127,031</u>
18. LOANS AND ADVANCES		
Considered good:		
Employees - Interest free:		
Against expenses	12,890	12,016
Against salary	36,652	37,292
	49,542	49,308
Current portion of long term advances (Note 14)	2,872	2,368
Advances to suppliers	132,931	153,376
	<u>185,345</u>	<u>205,052</u>
19. SHORT TERM DEPOSITS AND PREPAYMENTS		
Letters of credit	22,602	33,968
Short term prepayments	10,001	11,357
Margin against letters of credit/guarantees	3,956	4,534
Security deposits	6,838	12,865
Income tax	248,274	185,375
	<u>291,671</u>	<u>248,099</u>

	2011 (RUPEES IN THOUSAND)	2010
20. OTHER RECEIVABLES		
Considered good:		
Sales tax	172,143	256,037
Export rebates	122,554	109,358
Duty draw back claims	28,505	115,652
Others	285,875	113,349
	<u>609,077</u>	<u>594,396</u>
21. CASH AND BANK BALANCES		
Cash in hand	2,313	1,755
Cash with banks on:		
Current accounts	139,546	448,263
Saving accounts including US\$ 12,214 (2010: US\$ 61,934)	559,557	32,056
	699,103	480,319
	<u>701,416</u>	<u>482,074</u>
21.1 Rate of profit on bank deposits ranges from 5% to 11.30% (2010: 5% to 10%) per annum.		
22. SALES		
Local	974,434	866,238
Export	17,015,918	13,520,302
Waste	524,343	316,728
Knitting/dyeing income	10,235	17,562
	<u>18,524,930</u>	<u>14,720,830</u>
22.1 Exchange gain due to currency rate fluctuation relating to export sales amounting to Rupees 85.767 million (2010: Rupees 90.070 million) has been included in export sales.		
23. COST OF SALES		
Raw material consumed	9,750,593	6,484,614
Salaries, wages and other benefits	2,171,679	1,836,028
Staff retirement benefits	65,310	55,021
Fuel and power	714,674	551,495
Dyes and chemicals	839,927	757,916
Stores and spare parts	254,339	210,355
Packing materials and other charges	1,511,444	1,304,534
Outside knitting, dyeing and CMT charges	635,725	855,686
Repair and maintenance	326,139	246,038
Insurance	36,143	20,937
Other factory overheads	341,157	251,738
Depreciation - owned assets (Note 13.1.2)	283,113	197,430
Depreciation - leased assets (Note 13.1.2)	23,022	30,115
	16,953,265	12,801,907
Work-in-process:		
Opening stock	699,067	404,679
Closing stock	(1,317,446)	(699,067)
	(618,379)	(294,388)
Cost of goods manufactured	16,334,886	12,507,519
Finished goods:		
Opening stock	999,790	577,782
Closing stock	(1,782,488)	(999,790)
	(782,698)	(422,008)
	<u>15,552,188</u>	<u>12,085,511</u>

	2011	2010
	(RUPEES IN THOUSAND)	
24. DISTRIBUTION COST		
Salaries, wages and other benefits	36,767	25,917
Staff retirement benefits	3,445	2,999
Commission to selling agents	308,894	386,490
Insurance	2,316	1,816
Traveling and conveyance	11,937	7,705
Vehicles' running	2,822	1,812
Printing and stationery	500	303
Communication	6,776	4,078
Outward freight and distribution	449,400	401,086
Depreciation - owned assets (Note 13.1.2)	527	316
Depreciation - leased assets (Note 13.1.2)	5,412	3,936
	<u>828,796</u>	<u>836,458</u>
25. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits	139,066	99,657
Staff retirement benefits	12,413	12,215
Rent, rates and taxes	4,785	4,471
Traveling and conveyance	6,553	3,962
Entertainment	8,100	7,368
Repair and maintenance	2,557	1,935
Vehicles' running	6,522	6,046
Printing and stationery	3,956	3,659
Communication	7,832	6,266
Legal and professional	7,276	7,231
Newspapers and periodicals	81	78
Electricity & sui gas	5,697	3,788
Auditors' remuneration (Note 25.1)	1,190	1,165
Subscription and fee	7,615	6,356
Advertisement	899	788
Insurance	5,890	4,838
Miscellaneous	3,730	3,580
Depreciation - owned assets (Note 13.1.2)	43,063	38,862
Depreciation - leased assets (Note 13.1.2)	16,333	6,785
	<u>283,558</u>	<u>219,050</u>
25.1 Auditors' remuneration		
Annual audit fee	1,000	1,000
Half yearly review fee	100	100
Corporate governance compliance review fee	50	25
Reimbursable expenses	40	40
	<u>1,190</u>	<u>1,165</u>
26. OTHER OPERATING EXPENSES		
Workers' profit participation fund (Note 8.1)	49,931	47,812
Debit balances written off	2,143	27,106
Workers' welfare fund	942	19,433
	<u>53,016</u>	<u>94,351</u>

	2011	2010
	(RUPEES IN THOUSAND)	
27. OTHER OPERATING INCOME		
Income from non-financial assets		
Sale of stores and scrap	3,257	2,770
Gain on sale of property, plant and equipment	9,952	7,485
Miscellaneous	-	525
Amortization of deferred income on sale and lease back of operating fixed assets	352	2,163
	13,561	12,943
Income from financial assets		
Mark-up on saving accounts	47,088	1,299
	60,649	14,242
28. FINANCE COST		
Interest/mark-up on:		
Long term financing	246,146	241,124
Short term borrowings	563,493	270,839
Workers' profit participation fund (Note 8.1)	2,791	4,005
Amortization on long term finance calculated using the effective interest method (Note 5.2)	6,613	11,457
Finance charges on finance lease liabilities	26,978	29,027
Bank charges and commission	77,053	38,822
	923,074	595,274
29. PROVISION FOR TAXATION		
Current year	214,570	143,533
Prior year adjustment	408	-
	214,978	143,533

29.1 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. 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.



		2011	2010
30. EARNINGS PER SHARE			
Basic earnings per share			
Profit after taxation	(Rupees in thousand)	<u>729,969</u>	<u>760,895</u>
Weighted average number of ordinary shares	(Numbers)	<u>60 000 000</u>	<u>38 910 860</u>
Earnings per share - Basic	(Rupees)	<u>12.17</u>	<u>19.55</u>
Diluted earnings per share			
Profit after taxation	(Rupees in thousand)	<u>729,969</u>	<u>760,895</u>
Weighted average number of shares	(Numbers)	<u>90 871 781</u>	<u>72 199 147</u>
Earnings per share - Diluted	(Rupees)	<u>8.03</u>	<u>10.54</u>

		2011 (RUPEES IN THOUSAND)	2010
31. CASH GENERATED FROM OPERATIONS			
Profit before taxation		944,947	904,428
Adjustments for non-cash charges and other items:			
Depreciation		371,470	277,444
Provision for gratuity		81,168	70,237
Gain on sale of property, plant and equipment		(9,952)	(7,485)
Amortization of deferred income on sale and lease back of operating fixed assets		(352)	(2,163)
Debit balances written off		2,143	27,106
Finance cost		923,074	595,274
Working capital changes (Note 31.1)		309,794	(49,414)
		<u>2,622,292</u>	<u>1,815,427</u>
31.1 Working capital changes			
(Increase)/decrease in current assets			
Stores, spare parts and loose tools		(146,209)	(52,372)
Stock in trade		(2,106,661)	(1,061,558)
Trade debts		573,919	(340,958)
Loans and advances		19,707	(58,928)
Short term deposits and prepayments		19,327	(14,319)
Other receivables		(16,824)	(172,282)
		(1,656,741)	(1,700,417)
Increase in current liabilities			
Short term borrowings-net		1,776,156	1,034,943
Trade and other payables		190,379	616,060
		1,966,535	1,651,003
		<u>309,794</u>	<u>(49,414)</u>

36. SEGMENT INFORMATION

	Spinning		Knitting		Processing & Garments		Elimination of intersegment transactions		Total-Company	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	----- (RUPEES IN THOUSAND) -----									
Sales	1,836,814	1,083,019	5,385,314	3,588,519	18,077,870	14,250,804	(8,755,068)	(4,201,512)	16,524,930	14,720,830
Cost of sales	(1,594,407)	(897,402)	(5,177,851)	(3,425,099)	(15,534,998)	(11,964,522)	6,755,068	4,201,512	(15,552,188)	(12,085,511)
Gross Profit	242,407	185,617	187,463	163,420	2,542,872	2,286,282	-	-	2,972,742	2,835,319
Distribution cost	(19,686)	(18,808)	(79,878)	(85,213)	(729,234)	(752,639)	-	-	(828,796)	(836,458)
Administrative expenses	(18,813)	(18,028)	(48,552)	(42,045)	(220,193)	(180,977)	-	-	(289,558)	(219,050)
	(38,499)	(34,834)	(128,428)	(107,258)	(949,427)	(913,618)	-	-	(1,112,354)	(1,055,508)
Profit before taxation and unallocated income and expenses	205,908	150,983	61,035	56,162	1,593,445	1,372,668	-	-	1,860,388	1,579,811
Unallocated income and expenses:										
Other operating expenses									(53,018)	(94,351)
Other operating income									80,849	14,242
Finance cost									(923,074)	(595,274)
Provision for taxation									(214,978)	(143,533)
Profit after taxation									729,969	780,895

35.1 Reconciliation of reportable segment assets and liabilities

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	Spinning		Knitting		Processing & Garments		Total-Company	
	2011	2010	2011	2010	2011	2010	2011	2010
	----- (RUPEES IN THOUSAND) -----							
Segment assets	771,577	527,852	1,475,988	905,305	7,948,803	5,783,492	10,198,188	7,218,649
Unallocated assets							4,773,824	5,080,488
							14,969,792	12,297,115
Segment liabilities	81,788	71,195	498,279	527,038	1,804,198	1,492,089	2,362,285	2,090,302
Unallocated liabilities							8,439,729	8,832,686
							10,801,984	8,622,988

35.2 Geographical Information

35.2.1 The Company's revenue from external customers by geographical location is detailed below:

	2011	2010
	(RUPEES IN THOUSAND)	
America & Canada	13,384,974	10,865,055
Europe	2,270,365	1,823,117
Asia, Africa, and Australia	1,380,879	794,291
Pakistan	1,509,012	1,438,387
	<u>16,524,930</u>	<u>14,720,830</u>

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

35.3 Revenue from major customers

Revenue from major customers of Company's garments segment represent Rupees 12.338 million (2010: Rupees 5,885 million). Revenue from other segments of the Company does not include any major customer.

36. FINANCIAL RISK MANAGEMENT

36.1 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 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, the amounts receivable / payable from / to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2011	2010
Cash at banks - USD	12,214	61,934
Trade debts - USD	31,320,471	34,832,290
Trade and other payable - USD	(2,232,884)	(471,576)
Net exposure - USD	<u>29,099,801</u>	<u>34,422,648</u>

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	85.53	83.97
Reporting date rate	85.85	85.40

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 118.665 million (2010: Rupees 136.843 million) respectively 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 and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

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

	2011	2010
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	947,804	537,511
Liabilities against assets subject to finance lease	13,574	35,616
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	559,557	32,056
Financial liabilities		
Long term financing	967,681	1,255,095
Liabilities against assets subject to finance lease	141,749	185,507
Short term borrowings	6,096,208	4,320,052

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, impact on profit after taxation for the year would have been Rupees 63.138 million (2010: Rupees 53.333 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(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	2,964,896	3,538,815
Loans and advances	43,262	42,848
Deposits	15,532	10,207
Other receivables	285,875	113,349
Bank balances	699,103	480,319
	4,008,668	4,185,538

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:

	Rating			2011	2010
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3,893	2,401
Allied Bank Limited	A1+	AA	PACRA	23,056	6,862
Askari Bank Limited	A1+	AA	PACRA	6,618	5,158
Bank Alfalah Limited	A1+	AA	PACRA	209	1,415
Faysal Bank Limited	A1+	AA	PACRA	-	681
Habib Bank Limited	A-1+	AA+	JCR-VIS	269,954	12,774
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	245,583	66,032
Bank Al-Habib Limited	A1+	AA+	PACRA	251	267
MCB Bank Limited	A1+	AA+	PACRA	22,753	1,914
NIB Bank Limited	A1+	AA-	PACRA	3,151	1,001
The Bank of Punjab	A1+	AA-	PACRA	7,867	14,604
Silkbank Bank Limited	A-2	A-	JCR-VIS	-	32
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	11,911	-
United Bank Limited	A-1+	AA+	JCR-VIS	16,191	146
Al-Baraka Bank (Pakistan) Limited	A-1	A	JCR-VIS	-	9
Summit Bank Limited	A-2	A	JCR-VIS	86,031	358,127
HSBC Bank Middle East Limited	P-1	A1	Moody's	1,124	-
Bank Islami Pakistan Limited	A1	A	PACRA	96	96
Meezan Bank Limited	A-1+	AA-	JCR-VIS	415	8,800
				<u>699,103</u>	<u>480,319</u>

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 17.

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 counter parties 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 2011, the Company had Rupees 2,316 million (2010: 930 million) available borrowing limits from financial institutions and Rupees 701.416 million (2010: 482.074 million) cash and bank balances. Management believes the liquidity risk to be low.

The following are the contractual maturities of financial liabilities as at 30 June 2011:

	Carrying Amount	Contractual Cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
----- (Rupees in thousand) -----						
Non-derivative financial liabilities:						
Long term financing	1,915,485	2,385,110	449,536	431,080	826,693	677,801
Liabilities against assets subject to finance lease	155,323	199,440	32,824	30,744	46,822	89,050
Short term borrowings	6,096,208	6,233,225	4,438,425	1,794,800	-	-
Trade and other payables	1,930,092	1,930,092	1,442,794	487,298	-	-
Accrued mark-up	183,842	183,842	183,842	-	-	-
	<u>10,280,950</u>	<u>10,931,709</u>	<u>6,547,421</u>	<u>2,743,922</u>	<u>873,515</u>	<u>766,851</u>

The following are the contractual maturities of financial liabilities as at 30 June 2010:

Non-derivative financial liabilities:

Long term financing	1,792,606	2,331,835	147,929	389,475	731,288	1,063,143
Liabilities against assets subject to finance lease	221,123	272,527	61,703	64,214	48,366	98,244
Short term borrowings	4,320,052	4,390,057	2,779,368	1,610,689	-	-
Trade and other payables	1,730,129	1,730,129	1,209,064	521,065	-	-
Accrued mark-up	137,069	137,069	137,069	-	-	-
	<u>8,200,979</u>	<u>8,861,617</u>	<u>4,335,133</u>	<u>2,585,443</u>	<u>779,654</u>	<u>1,161,387</u>

Short term borrowings 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.

36.2 Fair values of financial assets and liabilities

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

36.3 Financial instruments by categories

	Loans and receivables	
	2011	2010
	(RUPEES IN THOUSAND)	
As at 30 June		
Assets as per balance sheet		
Trade debts	2,964,896	3,538,815
Loans and advances	43,262	42,848
Deposits	15,532	10,207
Other receivables	285,875	113,349
Cash and bank balances	<u>701,416</u>	<u>482,074</u>
	<u>4,010,981</u>	<u>4,187,293</u>
	Financial liabilities at amortized cost	
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	1,915,485	1,792,606
Liabilities against assets subject to finance lease	155,323	221,123
Short term borrowings	6,096,208	4,320,052
Trade and other payables	1,930,092	1,730,129
Accrued mark-up	<u>183,842</u>	<u>137,069</u>
	<u>10,280,950</u>	<u>8,200,979</u>

37 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 05 October, 2011.

38 FIGURES

Comparative figures of balance sheet, profit and loss account, cash flow statement and statement of changes in equity have been re-arranged, wherever necessary for the purpose of comparison. However, no significant reclassification/re-arrangement has been made.

39 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



FORM 34
PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2011

1. Incorporation Number

M-12

2. Name of the Company

MASOOD TEXTILE MILLS LIMITED

3. Pattern of holding of the shares held by the shareholders as at 30.06.2011

4. No. of shareholders	Shareholdings	Total shares held
ORDINARY SHARES:		
658	Shareholding from 1 to 100 Shares	49,204
558	Shareholding from 101 to 500 Shares	129,900
92	Shareholding from 501 to 1000 Shares	75,866
108	Shareholding from 1001 to 5000 Shares	257,957
18	Shareholding from 5001 to 10000 Shares	120,517
6	Shareholding from 10001 to 15000 Shares	81,096
3	Shareholding from 15001 to 20000 Shares	52,250
2	Shareholding from 20001 to 25000 Shares	46,500
4	Shareholding from 25001 to 30000 Shares	116,085
1	Shareholding from 30001 to 35000 Shares	35,000
2	Shareholding from 35001 to 40000 Shares	76,500
1	Shareholding from 45001 to 50000 Shares	45,731
1	Shareholding from 50001 to 55000 Shares	55,000
1	Shareholding from 95001 to 100000 Shares	96,423
1	Shareholding from 165001 to 170000 Shares	167,000
1	Shareholding from 170001 to 175000 Shares	173,274
1	Shareholding from 185001 to 190000 Shares	187,268
1	Shareholding from 195001 to 200000 Shares	200,000
1	Shareholding from 210001 to 215000 Shares	211,000
1	Shareholding from 240001 to 245000 Shares	243,194
1	Shareholding from 295001 to 300000 Shares	297,000
1	Shareholding from 370001 to 375000 Shares	373,000
1	Shareholding from 390001 to 395000 Shares	392,750
1	Shareholding from 430001 to 435000 Shares	433,485
1	Shareholding from 465001 to 470000 Shares	469,170
1	Shareholding from 550001 to 555000 Shares	550,788
1	Shareholding from 695001 to 700000 Shares	700,000
1	Shareholding from 915001 to 920000 Shares	916,050
1	Shareholding from 1380001 to 1385000 Shares	1,383,750
1	Shareholding from 1910001 to 1915000 Shares	1,912,400
1	Shareholding from 2025001 to 2030000 Shares	2,025,828
1	Shareholding from 2455001 to 2460000 Shares	2,457,078
1	Shareholding from 2595001 to 2600000 Shares	2,600,000
1	Shareholding from 3895001 to 3900000 Shares	3,900,000
1	Shareholding from 4110001 to 4115000 Shares	4,114,000
1	Shareholding from 4590001 to 4595000 Shares	4,593,662
1	Shareholding from 5780001 to 5785000 Shares	5,780,974
1	Shareholding from 6580001 to 6585000 Shares	6,580,300
1	Shareholding from 18095001 to 18100000 Shares	18,100,000
1480	Total	60,000,000



PREFERENCE SHARES:

1	Shareholding from 1495001 to 1500000 Shares	1,500,000
1	Shareholding from 1665001 to 1670000 Shares	1,666,667
1	Shareholding from 2495001 to 2500000 Shares	2,500,000
3	Shareholding from 4995001 to 5000000 Shares	15,000,000
1	Shareholding from 5830001 to 5835000 Shares	5,833,334
1	Shareholding from 9995001 to 10000000 Shares	10,000,000
1	Shareholding from 10995001 to 11000000 Shares	11,000,000
9	Total	47,500,001

5. Categories of shareholders	share held	Percentage
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ORDINARY SHARES:

5.1 Directors, Chief Executive Officer, etc.	1,521,500	2.54
5.2 Associated Companies, undertakings and related parties.	-	-
5.3 NIT and ICP	2,026,678	3.38
5.4 Banks, Development Financial Institution, Non Banking Financial Institutions.	5,327,229	8.88
5.5 Insurance Companies	401,444	0.67
5.6 Modarabas and Mutual Funds	474,670	0.79
5.7 Share holders holding 10%	24,680,300	41.13
5.8. General Public a. Local b. Foreign	6,355,406	10.59
5.9. Others - Joint Stock Companies/Co-operative Societies.	19,212,773	32.02
Total Ordinary Shares	60,000,000	100.00

PREFERENCE SHARES:

5.3 Banks, Development Financial Institutions, Non Banking Financial Institutions.	47,500,001	100.00
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6. Signature of Chief Executive/ Secretary

[Signature Box]

7. Name of Signatory

ABDUL BARI HAQQANI

8. Designation

COMPANY SECRETARY

9. NIC Number

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

10. Date

Day: 0 5 Month: 1 0 Year: 2 0 1 1

**NAMEWISE CATEGORIES OF SHAREHOLDERS
AS ON 30.06.2011**

NAME	Shares Held	Total Shares	Percentage
<u>ORDINARY SHARES</u>			
<u>Directors:</u>			
Mr. Shahid Nazir Ahmad	Chairman/CEO	1,383,750	
Mr. Naseer Ahmad Shah	Director	37,500	
Mr. Muhammad Arshad	Director	18,750	
Mr. Fazal Ahmad	Director	30,000	
Mr. Shahid Iqbal	Director	30,000	
Mr. Matloob Hussain	Director	21,500	
Mr. Muhammad Yousuf Memon (NIT Nominee)	Director	-	
		1,521,500	2.54
<u>Shareholders Holding 10 % or More:</u>			
Mrs. Nazia Nazir		18,100,000	
MASOOD IMPEX (PVT) LIMITED		6,580,300	
		24,680,300	41.13
<u>Associated Undertakings:</u>			
<u>Investment Companies:</u>			
Investment Corporation of Pakistan (ICP)		850	
Pakistan Kuwait Investment Company (Pvt) Ltd.		2,600	
		3,450	0.01
<u>Financial Institutions:</u>			
<u>Banks:</u>			
Faysal Bank Limited		173,274	
IDBP (ICP UNIT)		4,300	
National Bank of Pakistan		4,690,085	
National Bank of Pakistan - Trustee Department NI(UT) Fund		2,025,828	
National Investment Trust Limited		26,085	
The Bank of Punjab, Treasury Division		433,485	
		7,353,057	12.25
<u>Insurance Companies:</u>			
Agro General Insurance Company Limited		7,594	
Delta Insurance Company Limited		1,100	
State Life Insurance Corporation of Pakistan.		392,750	
		401,444	0.67
<u>Modarabas:</u>			
Unicap Modaraba		600	
Third Prudential Modaraba		4,900	
		5,500	0.01
<u>Mutual Fund</u>			
Golden Arrow Selected Stocks Fund Limited		-	
		469,170	0.78

NAME	Shares Held	Total Shares	Percentage
Joint Stock Companies/Co-operative Societies:			
Aizad Corporation (Pvt) Limited	5,780,974		
Beacon Impex (Pvt) Limited	1,912,400		
Darson Securities (Pvt) Limited	1,200		
First Capital Equities Limited	297,000		
Fortress Textiles (Pvt) Limited	2,644,346		
H M Investment (Pvt) Limited	4,900		
Ismail Abdul Shakoor Securitis (Pvt) Limited	50		
Kohistan Corporation (PVT) Limited	3,900,000		
Haydri Boring (Pvt) Limited	50		
MAM Securities (Pvt) Limited	700		
National Ind.Co-Op.Finance Corporation	800		
NH Securities (Pvt) Limited	5		
Pasban Co-Op Finance Corporation Limited	200		
Pasha Securities (Pvt) Limited	100		
Pearl Securities Limited	550,788		
Prudential Cap. Management Limited	1,600		
Savari (Pvt) Limited	900		
Software Creations (Pvt) Limited	4,114,000		
Y.S. Securities & Services (Pvt) Limited	160	19,210,173	32.02
General Public:		6,355,406	10.59
TOTAL ORDINARY SHARES		60,000,000	100.00
PREFERENCE SHARES			
Financial Institutions:			
Banks:			
Allied Bank Limited	-	5,833,334	
Askari Bank Limited	-	2,500,000	
CDC Trustee-Pakistan Capital Market Fund	-	1,666,667	
Habib Bank Limited-Treasury Division	-	10,000,000	
MCB Bank Limited - Treasury	-	5,000,000	
National Bank of Pakistan	-	5,000,000	
Silkbank Limited	-	1,500,000	
United Bank Limited	-	11,000,000	
	-	42,500,001	89.47
Investment Companies:			
Pakistan Kuwait Investment Company (Pvt) Limited	-	5,000,000	10.53
TOTAL PREFERENCE SHARES		47,500,001	100.00



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)

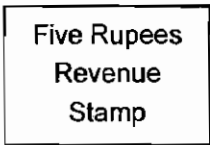
of _____

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held at its Registered office at Universal House, West Canal Road, Farooqabad, Faisalabad on Monday, the 31st day of October, 2011 at 11:00 A.M or any adjournment thereof.

As witnessed my hands this _____ day of _____ 2011

signed by me in the presence of witness: _____

(Signature of witness)
NIC. _____



(Member's Signature)
NIC. _____

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.