

MASOOD TEXTILE MILLS LIMITED



**ACCOUNTS
FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2014**

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COMPANY INFORMATION

- CHAIRMAN** : MR. NASEER AHMAD SHAH
- CHIEF EXECUTIVE OFFICER** : MR. SHAHID NAZIR AHMAD
- DIRECTORS** : MR. MUHAMMAD ARSHAD
: MR. MATLOOB HUSSAIN
: MR. SHAHID IQBAL
: MR. FAZAL AHMAD
: MR. SHOAB AHMAD KHAN
(NIT-Nominee)
- COMPANY SECRETARY** : MIAN ABDUL BARI
- CHIEF FINANCIAL OFFICER** : MR. TANVEER AHMAD SIDDIQUI
- AUDIT COMMITTEE** : MR. FAZAL AHMAD (Chairman)
: MR. MATLOOB HUSSAIN
: MR. SHAHID IQBAL
- HR & REMUNERATION COMMITTEE** : MR. MUHAMMAD ARSHAD (Chairman)
: MR. NASEER AHMAD SHAH
: 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.

DIRECTORS' REPORT TO THE MEMBERS

We have the honour to present the un-audited financial statements of the Company for the first quarter ended 30th September, 2014. The turnover for the quarter under review was increased from Rupees 6,428.322 million to Rupees 6,648,273 million as compared to the last corresponding period. During this quarter, cost of sales were increased, due to which gross profit was reduced from Rupees 1,057.713 million to Rupees 994.606 million, mainly on account of general inflationary trend over various cost of production components. Hence, resultant profit after taxation was reduced from Rupees 264.697 million to Rupees 203.196 million during the first quarter. Accordingly, the earning per share was dropped from Rupees 4.24 to Rupees 3.21 during the quarter under review.

Future prospects appear encouraging on account of comparatively reducing prices of cotton and yarn. The management is determined to continue its efforts for attracting more customers for maximum utilization of production facilities. Moreover, due to enhanced productivity, improved efficiencies and availability of cotton at reasonable rates, the management is expecting better financial results in the second quarter of the current financial year. We further expect that Government will adopt export oriented policies by improving law and order situation along with reducing massive load shedding of gas and electricity to boost business friendly environment in the country.

We express our satisfaction over good relationship prevailing among the management and the workers during the period under review. We also acknowledge their hardworking to bring better financial results.

FOR AND ON BEHALF OF THE BOARD

Faisalabad:
29 October, 2014

(SHAHID NAZIR AHMAD)
Chief Executive Officer

MASOOD TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2014

	UN-AUDITED	AUDITED
Note	30 Sep 2014	30 June 2014
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
	125 000 000 (30 June 2014: 125 000 000)	
	ordinary shares of Rupees 10 each	1,250,000
	60 000 000 (30 June 2014: 60 000 000)	
	preference shares of Rupees 10 each	600,000
	<u>1,850,000</u>	<u>1,850,000</u>
Issued, subscribed and paid up share capital	5 948,333	953,333
Reserves	5,068,648	4,865,452
Total Equity	6,016,981	5,818,785
Surplus on revaluation of freehold land	606,233	606,233
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	6 1,332,261	1,523,918
Liabilities against assets subject to finance lease	85,818	87,331
Deferred liability for gratuity	461,926	426,889
	<u>1,880,005</u>	<u>2,038,138</u>
CURRENT LIABILITIES		
Trade and other payables	2,791,834	2,445,831
Accrued mark-up	190,763	224,442
Short term borrowings	10,512,317	9,933,466
Current portion of non-current liabilities	789,095	810,797
Provision for taxation	290,639	235,845
	<u>14,574,648</u>	<u>13,650,381</u>
Total Liabilities	16,454,653	15,688,519
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	<u>23,077,867</u>	<u>22,113,537</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 5,701,819	5,772,898
Long term advances	3,832	3,819
Long term security deposits	50,435	50,707
	<u>5,756,086</u>	<u>5,827,424</u>
CURRENT ASSETS		
Stores, spare parts and loose tools	1,157,825	1,137,030
Stock-in-trade	6,769,192	7,215,963
Trade debts	6,637,547	5,415,608
Loans and advances	598,975	574,559
Short term deposits and prepayments	636,938	497,242
Other receivables	1,102,940	1,000,862
Cash and bank balances	418,364	444,849
	<u>17,321,781</u>	<u>16,286,113</u>
TOTAL ASSETS	<u>23,077,867</u>	<u>22,113,537</u>

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014
(UN-AUDITED)

	30 Sep 2014	30 Sep 2013
	(Rupees in Thousand)	
SALES	6,648,273	6,428,322
COST OF SALES	(5,653,667)	(5,370,609)
GROSS PROFIT	994,606	1,057,713
DISTRIBUTION COST	(326,626)	(314,947)
ADMINISTRATIVE EXPENSES	(116,641)	(114,187)
OTHER EXPENSES	(13,687)	(17,040)
	(456,954)	(446,174)
	537,652	611,539
OTHER INCOME	11,616	9,781
PROFIT FROM OPERATIONS	549,268	621,320
FINANCE COST	(291,278)	(299,541)
PROFIT BEFORE TAXATION	257,990	321,779
TAXATION	(54,794)	(57,082)
PROFIT AFTER TAXATION	203,196	264,697
EARNINGS PER SHARE - BASIC (RUPEES)	3.21	4.24
- DILUTED (RUPEES)	3.14	3.37

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014
(UN-AUDITED)

	30 Sep 2014	30 Sep 2013
	(Rupees in Thousand)	
PROFIT AFTER TAXATION	203,196	264,697
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	203,196	264,697

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014
(UN-AUDITED)

	Note	30 Sep 2014	30 Sep 2013
(Rupees in Thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	78,201	51,486
Finance cost paid		(324,957)	(305,122)
Income tax paid		(68,925)	(69,097)
Gratuity paid		(27,279)	(14,218)
Net decrease in long term advances		(13)	(94)
Net decrease / (increase) in long term security deposits		272	(799)
Net cash generated used in operating activities		(343,701)	(337,844)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	9,816
Capital expenditure on property, plant and equipment		(33,096)	(179,078)
Net cash used in investing activities		(33,096)	(169,262)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	16,991
Repayment of long term financing		(204,723)	(136,076)
Repayment of preference shares		(5,000)	(41,667)
Repayment of liabilities against assets subject to finance lease		(18,816)	(20,277)
Short term borrowings - net		578,851	676,641
Net cash from financing activities		350,312	495,612
NET DECREASE IN CASH AND CASH EQUIVALENTS		(26,485)	(11,494)
CASH AND CASH EQUIVALENTS AT THE			
BEGINNING OF THE PERIOD		444,849	525,632
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD		418,364	514,138

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014
(UN-AUDITED)

(Rupees in Thousand)

	Reserves							Total Equity	
	Share Capital	Capital			Revenue				
		Share Premium	Redemption Fund	Sub Total	General	Unappropriated profit	Sub Total		Total
Balance as at 30 June 2013-Audited	985,000	400,000	133,333	533,333	714,500	2,834,419	3,548,919	4,082,252	5,077,252
Transfer from capital redemption reserve fund	-	-	(41,667)	(41,667)	-	41,667	41,667	-	-
Preference shares repaid	(41,667)	-	-	-	-	-	-	-	(41,667)
Profit after taxation for the three months ended 30 Sep 2013	-	-	-	-	-	264,697	264,697	264,697	264,697
Other comprehensive income for the three months ended 30 Sep 2013	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2013	-	-	-	-	-	264,697	264,697	264,697	264,697
Balance as at 30 Sep 2013-Unaudited	953,333	400,000	91,666	491,666	714,500	3,140,783	3,855,283	4,346,949	5,300,282
Transfer to capital redemption reserve fund	-	-	41,667	41,667	-	(41,667)	(41,667)	-	-
Dividend at the rate of Rupees 1.75 per share (Ordinary shares)	-	-	-	-	-	(105,000)	(105,000)	(105,000)	(105,000)
Dividend at the rate of Rupees 1.27 per share (Preference shares)	-	-	-	-	-	(50,431)	(50,431)	(50,431)	(50,431)
Profit after taxation for the nine months ended 30 June 2014	-	-	-	-	-	673,602	673,602	673,602	673,602
Other comprehensive income for the nine months ended 30 Jun 2014	-	-	-	-	-	332	332	332	332
Total comprehensive income for the nine months ended 30 June 2014	-	-	-	-	-	673,934	673,934	673,934	673,934
Balance as at 30 June 2014-Audited	953,333	400,000	133,333	533,333	714,500	3,617,619	4,392,119	4,865,452	5,818,785
Transfer from capital redemption reserve fund	-	-	(5,000)	(5,000)	-	5,000	5,000	-	-
Preference shares repaid	(5,000)	-	-	-	-	-	-	-	(5,000)
Profit after taxation for the three months ended 30 Sep 2014	-	-	-	-	-	203,196	203,196	203,196	203,196
Other comprehensive income for the three months ended 30 Sep 2014	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2014	-	-	-	-	-	203,196	203,196	203,196	203,196
Balance as at 30 Sep 2014-Unaudited	948,333	400,000	128,333	528,333	714,500	3,825,815	4,540,315	5,068,648	6,016,981

The annexed notes form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2014 (UN-AUDITED)

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 all 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 fibre yarn, knitted/dyed fabrics and garments.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the three months ended 30 September 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2014.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information 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 expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

UN-AUDITED	AUDITED		UN-AUDITED	AUDITED
30 Sep	30 June		30 Sep	30 June
2014	2014		2014	2014
(Number of Shares)			(Rupees in thousand)	
60 000 000	60 000 000	Ordinary shares of Rupees 10 each fully paid in cash	600,000	600,000
34 833 334	35 333 334	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash	348,333	353,333
<u>94 833 334</u>	<u>95 333 334</u>		<u>948,333</u>	<u>953,333</u>

Some of the preference shareholders have served conversion notice, for one third of their holding, to the company of 500 000 preference shares amounting to Rupees 5.000 million. Responding thereto, the company exercised call option and repaid these preference shares.

6. LONG TERM FINANCING-SECURED

Opening balance	2,277,732	2,858,665
Add: Obtained during the period/year	-	87,597
Less: Repaid during the period/year	204,723	668,530
	<u>2,073,009</u>	<u>2,277,732</u>
Less: Current portion shown under current liabilities	740,748	753,814
	<u>1,332,261</u>	<u>1,523,918</u>

7. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Guarantees of Rupees 68.029 million (30 June 2014: Rupees 68.029 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Collector of Customs for import license fee.

b) Commitments

i) Contracts for capital expenditure are approximately amounting to Rupees 25.572 million (30 June 2014: Rupees 24.608 million) and other than capital expenditure are Rupees 243.819 million (30 June 2014: Rupees 244.317 million).

ii) Ijarah (operating lease) commitments amounting to Rupees 61.870 million (30 June 2014 : Rupees 56.018 million).

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	5,406,487	5,436,360
Assets subject to finance lease (Note 8.2)	186,139	214,378
Capital work-in-progress	109,193	122,160
	<u>5,701,819</u>	<u>5,772,898</u>

8.1 Operating Fixed Assets

Opening book value	5,436,360	5,248,413
Add: Cost of additions during the period/year (Note 8.1.1)	46,063	637,584
Book value of assets transferred from assets subject to finance lease	29,781	1,336
	<u>5,512,204</u>	<u>5,887,333</u>
Less: Book value of deletions/ transfers during the period/year	-	18,739
	<u>5,512,204</u>	<u>5,868,594</u>
Less: Depreciation charged during the period/year	105,717	432,234
	<u>5,406,487</u>	<u>5,436,360</u>

	UN-AUDITED	AUDITED
	30 Sep	30 June
	2014	2014
	(Rupees in thousand)	

8.1.1 Cost of additions during the period/year

Freehold land	-	7,768
Buildings on freehold land	1,003	82,927
Plant and machinery	33,789	465,661
Electric and gas installations	5,481	46,457
Factory equipment	701	5,764
Telephone installations	144	270
Furniture and fixtures	2,686	8,333
Office equipment	-	477
Computer equipment	1,876	15,757
Vehicles	383	4,170
	<u>46,063</u>	<u>637,584</u>

8.2 Assets subject to finance lease

Opening book value	214,378	208,666
Add: Additions/transfers during the period/year (Note 8.2.1)	8,667	39,870
	<u>223,045</u>	<u>248,536</u>
Less: Book value of assets transferred to operating fixed assets during the period/year (Note 8.2.2)	29,781	1,336
	<u>193,264</u>	<u>247,200</u>
Less: Depreciation charged for the period/year	7,125	32,822
	<u>186,139</u>	<u>214,378</u>

8.2.1 Additions/transfers during the period/year

Plant and machinery	-	39,870
Vehicles	8,667	-
	<u>8,667</u>	<u>39,870</u>

UN-AUDITED	AUDITED
30 Sep	30 June
2014	2013
(Rupees in thousand)	

8.2.2 Book value of assets transferred to operating fixed assets during the period/year.

Plant and machinery	27,532	997
Vehicles	2,249	339
	<u>29,781</u>	<u>1,336</u>

(UN-AUDITED)

30 Sep	30 Sep
2014	2013
(Rupees in thousand)	

9. CASH GENERATED FROM OPERATIONS

Profit before taxation	257,990	321,779
Adjustments for non-cash charges and other items:		
Depreciation	112,842	110,020
Provision for gratuity	51,961	33,462
Gain on sale of property, plant and equipment	-	(381)
Finance cost	291,278	299,541
Working capital changes (Note 9.1)	<u>(635,870)</u>	<u>(712,935)</u>
	<u>78,201</u>	<u>51,486</u>

9.1 Working capital changes

(Increase)/decrease in current assets:

Stores, spare parts and loose tools	(20,795)	(30,524)
Stock in trade	446,771	357,548
Trade debts	(1,221,939)	(941,678)
Loans and advances	(24,416)	137,968
Short term deposits and prepayments	(69,771)	(70,681)
Other receivables	(102,078)	(48,324)

Increase/(decrease) in current liabilities:

Trade and other payables	356,358	(117,244)
	<u>(635,870)</u>	<u>(712,935)</u>

10. SEGMENT INFORMATION

10.1 Segment results

Spinning		Knitting		Processing & Garments		Elimination of inter-segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
1st Quarter ended		1st Quarter ended		1st Quarter ended		1st Quarter ended		1st Quarter ended	
30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013

(Rupees in thousand)

Sales	611,196	573,940	2,206,241	2,416,487	6,456,822	6,128,092	(2,625,968)	(2,692,197)	6,648,273	6,426,322
Cost of sales	(591,648)	(529,441)	(2,141,794)	(2,348,328)	(5,546,213)	(5,185,040)	2,625,968	2,692,197	(5,653,667)	(5,370,609)
Gross profit	19,550	44,499	64,447	70,161	910,609	943,052	-	-	994,606	1,057,713

Distribution cost	(7,675)	(7,285)	(27,131)	(26,267)	(291,620)	(282,395)	-	-	(326,626)	(314,947)
Administrative expenses	(7,337)	(6,906)	(16,962)	(17,965)	(92,342)	(89,316)	-	-	(116,641)	(114,187)
	(15,012)	(14,191)	(44,093)	(43,232)	(384,162)	(371,711)	-	-	(443,267)	(429,134)

Profit before taxation and unallocated income and expenses	4,538	30,306	20,355	26,929	526,447	571,342	-	-	551,389	828,579
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Unallocated Income and expenses:

Other expenses									(13,687)	(17,040)
Other income									11,616	9,761
Finance cost									(291,276)	(299,541)
Taxation									(54,794)	(67,062)
Profit after taxation									203,196	264,697

10.2 Reconciliation of reportable segment assets and liabilities

Spinning		Knitting		Processing & Garments		Total - Company	
Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
30 Sep 2014	30 Jun 2014	30 Sep 2014	30 Jun 2014	30 Sep 2014	30 Jun 2014	30 Sep 2014	30 Jun 2014

(Rupees in thousand)

Total assets for reportable segments	817,337	1,009,877	1,607,839	1,730,202	11,203,660	11,385,813	13,628,836	14,125,892
Unallocated assets							9,449,031	7,967,645
Total assets as per balance sheet							23,077,867	22,113,537
Total liabilities for reportable segments	171,822	126,574	702,050	644,941	2,488,206	2,254,864	3,360,078	3,026,399
Unallocated liabilities							13,094,575	12,662,120
Total liabilities as per balance sheet							16,454,653	15,688,519

Remuneration paid to Chief Executive Officer, Directors and Executives of the Company during the period is Rupees 39.287 million (30 Sep 2013: Rupees 22.745 million).

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2014.

13. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 29 October 2014.

14. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34, 'interim financial reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year. Whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged wherever necessary for the purpose of comparison. However, no significant rearrangement has been made.

15. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR