

MASOOD TEXTILE MILLS LIMITED



**ACCOUNTS
FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016**

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COMPANY INFORMATION

CHAIRMAN	: MR. NASEER AHMAD SHAH
CHIEF EXECUTIVE OFFICER	: MR. SHAHID NAZIR AHMAD
DIRECTORS	: MR. MATLOOB HUSSAIN : MR. FAZAL AHMAD : MR. SHIBIN YANG (Nominee-Shanghai Challenge Textile Co. Ltd) : MISS CHEN YAN (Nominee-Shanghai Challenge Textile Co. Ltd) : MR. SHOAIB AHMAD KHAN (Nominee-NIT)
COMPANY SECRETARY	: MIAN ABDUL BARI
CHIEF FINANCIAL OFFICER	: MR. MUHAMMAD SHAHID NAVEED
AUDIT COMMITTEE	: MR. FAZAL AHMAD (Chairman) : MR. SHAHID NAZIR AHMAD : MR. MATLOOB HUSSAIN
HR & REMUNERATION COMMITTEE	: MR. MATLOOB HUSSAIN (Chairman) : MR. NASEER AHMAD SHAH : MR. FAZAL AHMAD
AUDITORS	: M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
SHARE REGISTRAR	: ORIENT SOFTWARE & MANAGEMENT SERVICES (PVT) LIMITED 35-Z, AMEER PLAZA, OPP: MUJAHID HOSPITAL, COMMERCIAL CENTRE, MADINA TOWN, FAISALABAD. PHONE: 041-8711930-8715759 FAX: 041-8711930
REGISTERED OFFICE	: UNIVERSAL HOUSE, 17/1, NEW CIVIL LINES, BILAL ROAD, FAISALABAD. PHONE: 041-2600176-276 FAX: 041-2600976
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, 2016. During the subject quarter, under review reflect slight improvement in sales over the last corresponding period, Accordingly, our sales increased from Rupees 5,412.359 million to Rupees 5,563.812 million and Gross profit margin increased from Rupees 693.582 million to Rupees 811.603 million as compared with the last corresponding period. The resultant profit after taxation and earning per share were also improved. Keeping in view exports downwards trend in textile sector, your company has shown improvement in sales due to efficient marketing strategies. Further due to efficient cost management, company has been able to improve gross profit margin from 12.81% to 14.59% and net profit from 2.97% to 3.03% during the comparative corresponding period.

The textile industry has played vital role in the economy of the country by contributing through exports and employment opportunities. Currently, Pakistan textile industry is passing through its most difficult times. At present, the higher cost of production, surcharge on energy resources, lack of policy implementation, high utility prices and lack of modernization are the key factors that are affecting manufacturing of Pakistan's textiles products and exports in foreign markets. On the other hand, India, Bangladesh and some other countries are rapidly filling the gap due to their low cost of production.

Despite of all these hindrances, the textile sector has great potential for improvement in future. A comprehensive bailout package including removal of custom duty on the import of cotton, allowing long term facility to make indirect export, provision of RLNG gas to the five exporting sectors at US\$ 6/MMBTU, NEPRA determined multi-year tariff at regionally competitive rates and input tax adjustment on packing material, are expected to be announced by government for support of textile sector, which accounts for more than 60% of the country's total exports. Further, Significant decrease in petroleum prices and improvement in energy supply is helping in improving business activity. In view of the above measures it is expected that the company's performance will improve further in future.

Board of Directors of the Company in its meeting held on 29 October 2016 resolved to increase the issued, subscribed and paid-up share capital of the Company from Rupees 600,000,000 to Rupees 675,000,000 divided into 67,500,000 shares of Rupees 10 each by issuing 7,500,000 ordinary right shares at Rupees 140 per share including a premium of Rupees 130 per share to the members of the Company in the proportion of 12.5 right shares for every 100 ordinary shares. The funds generated from right issue will be utilized for re-profiling of balance sheet and to meet working capital requirements of the company.

The directors wish to express their appreciation to the dedicated employees who continue to play a pivotal role in the operations of the company and also thankful to the bankers for their co-operation and financial help.

FOR AND ON BEHALF OF THE BOARD

Faisalabad:
29 October, 2016

(SHAHID NAZIR AHMAD)
Chief Executive Officer

حصص یافتگان کیلئے ڈائریکٹرز رپورٹ

ڈائریکٹرز 30 ستمبر 2016ء کو اختتام پذیر ہونے والی سہ ماہی کیلئے اپنا جائزہ اور غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

موضوع کی سہ ماہی کے دوران، زیر جائزہ گذشتہ اسی عرصے کے مقابلے میں فروخت میں معمولی بہتری ہوئی ہے۔ اس کے مطابق ہماری سیکلز 5,412.359 ملین روپے سے بڑھ کر 5,563.812 ملین روپے ہوئی ہے اور مجموعی منافع 693.582 ملین روپے سے بڑھ کر 811.603 ملین روپے ہوا ہے۔ اسی وجہ سے بعد از ٹیکس منافع اور فی حصص آمدنی میں بھی بہتری آئی ہے۔ برآمدات میں مسلسل آٹراڈ کے باوجود آپ کی کمپنی نے فروخت میں موثر حکمت عملی کی وجہ سے بہتری دیکھائی ہے، اس کے علاوہ موثر لاگت کی حکمت عملی کی وجہ سے کمپنی مجموعی منافع %12.18 سے %14.59 اور بعد از ٹیکس منافع %2.97 سے %3.03 حاصل کرنے میں کامیاب ہوئی ہے۔ ٹیکسٹائل کی برآمدات نے ملکی معیشت اور روزگار میں بڑا اہم کردار ادا کیا ہے۔ فی الحال پاکستان ٹیکسٹائل کی صنعت اپنے سب سے مشکل وقت سے گزر رہی ہے۔ اس وقت لاگتی قیمت کی زیادتی، توانائی پر ٹیکسز، پالیسیوں پر عمل درآمد کی کمی، بڑھتی ہوئی قیمتیں اور جدت میں کمی جیسے اہم عوامل پاکستان کی ٹیکسٹائل مصنوعات اور برآمدات کی پیداوار کو غیر ملکی منڈیوں میں متاثر کر رہے ہیں۔ اس کے برعکس اٹلیا، بنگلہ دیش اور دیگر ملک لاگتی پیداوار کی قیمت کم کر کے اس خلا کو تیزی سے پر کر رہے ہیں۔

باوجود تمام رکاوٹوں کے ٹیکسٹائل سیکٹر مستقبل میں بہتری کے روشن امکانات ہیں۔ ایک جامع رعایتی حکمت عملی کے تحت اس میں شامل کاشن کی درآمدات پر کسٹم ڈیوٹی کا خاتمہ، طویل المدتی بلا واسطہ برآمدات کی اجازت، پانچ برآمداتی سیکٹرز کو RLNG گیس / USS 6 پر فراہمی، NEPRA کی طرف سے سالہ سال کی علاقائی مطابقت کی قیمتیں اور پیکنگ میٹریل پر ٹیکس ایڈجسٹمنٹ پر حکومت کا اعلان متوقع ہے۔ جس سے %60 برآمدات کو سہارا ملے گا۔ اس کے علاوہ پیرو لیم مصنوعات کی قیمتوں میں کمی اور توانائی کی فراہمی میں بہتری، کاروباری سرگرمیوں میں مدد کر رہی ہیں۔ مندرجہ بالا اقدامات کے پیش نظر امید ہے کہ کمپنی کی کارکردگی مستقبل میں مزید بہتری آئے گی۔

29 اکتوبر 2016ء پر منعقدہ اجلاس میں کمپنی کے بورڈ آف ڈائریکٹرز نے منصفہ فیصلہ کیا ہے کہ کمپنی کا جاری اور ادا شدہ (Issued & Subscribed) سرمایہ بڑھانے کی جو کہ 600 ملین روپے سے 675 ملین روپے کے ساتھ 60 ملین شیئرز سے 67.50 ملین شیئرز ہو جائے گی۔ کمپنی 7.50 ملین شیئرز 140 روپے فی شیئر کے حساب سے جاری کرے گی جس میں شیئر کی اصل قیمت 10 روپے فی شیئر ہے اور اس میں 130 روپے فی شیئر پر بیم بننا ہے 12.50 (Right Share) ہر 100 شیئرز پر سرمایہ (Right Share) سے حاصل کیا جائے گا اور جو کہ کمپنی کی ہیلتھ شیٹ پر وفا ٹانگ کیلئے استعمال کیا جائے گا اور کمپنی کے ورکنگ کیپٹل (Working Capital) کی ضروریات پورا کرے گا۔

تمام ڈائریکٹرز، تمام جانفشاں ملازمین کیلئے نیک خواہشات کا اظہار کرتے ہیں۔ اور تمام بکرز کان کے مالی تعاون پر شکر گزار ہیں۔

کی جانب سے بورڈ

فیصل آباد

29 اکتوبر 2016ء

شاہد نذیر احمد

چیف ایگزیکٹو آفیسر

MASOOD TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2016

	UN-AUDITED	AUDITED
Note	30 Sep 2016	30 June 2016
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
125 000 000 (30 June 2016: 125 000 000)		
ordinary shares of Rupees 10 each	1,250,000	1,250,000
60 000 000 (30 June 2016: 60 000 000)		
preference shares of Rupees 10 each	<u>600,000</u>	<u>600,000</u>
	<u>1,850,000</u>	<u>1,850,000</u>
Issued, subscribed and paid up share capital	5 911,666	948,333
Reserves	<u>6,044,087</u>	<u>5,875,555</u>
Total Equity	6,955,753	6,823,888
Surplus on revaluation of freehold land	900,234	900,234
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	6 1,144,941	1,105,335
Liabilities against assets subject to finance lease	36,230	52,468
Deferred liability for gratuity	<u>606,110</u>	<u>566,816</u>
	1,787,281	1,724,619
CURRENT LIABILITIES		
Trade and other payables	2,448,254	2,156,675
Accrued mark-up	77,866	91,040
Short term borrowings	9,542,878	10,056,494
Current portion of non-current liabilities	730,365	788,853
Provision for taxation	<u>251,382</u>	<u>188,501</u>
	<u>13,050,745</u>	<u>13,281,563</u>
TOTAL LIABILITIES	14,838,026	15,006,182
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TOTAL EQUITY AND LIABILITIES	<u>22,694,013</u>	<u>22,730,304</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 6,736,003	6,713,395
Long term advances	202	289
Long term security deposits	<u>37,996</u>	<u>45,802</u>
	6,774,201	6,759,486
CURRENT ASSETS		
Stores, spare parts and loose tools	1,020,691	956,585
Stock-in-trade	5,741,320	5,277,633
Trade debts	5,383,230	6,067,959
Loans and advances	336,046	303,928
Short term deposits and prepayments	700,392	576,012
Other receivables	1,376,254	1,562,048
Cash and bank balances	<u>1,361,879</u>	<u>1,226,653</u>
	<u>15,919,812</u>	<u>15,970,818</u>
TOTAL ASSETS	<u>22,694,013</u>	<u>22,730,304</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 2016
(UN-AUDITED)

	30 Sep 2016	30 Sep 2015
	(Rupees in Thousand)	
SALES	5,563,812	5,412,359
COST OF SALES	(4,752,209)	(4,718,777)
GROSS PROFIT	811,603	693,582
DISTRIBUTION COST	(367,155)	(335,760)
ADMINISTRATIVE EXPENSES	(119,801)	(121,462)
OTHER EXPENSES	(12,393)	(11,672)
OTHER INCOME	51,730	193,861
FINANCE COST	(132,571)	(196,778)
PROFIT BEFORE TAXATION	231,413	221,771
TAXATION	(62,881)	(61,142)
PROFIT AFTER TAXATION	168,532	160,629
EARNINGS PER SHARE - BASIC (RUPEES)	2.70	2.54
- DILUTED (RUPEES)	2.61	2.45

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 2016
(UN-AUDITED)

	30 Sep 2016	30 Sep 2015
(Rupees in Thousand)		
PROFIT AFTER TAXATION	168,532	160,629
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	168,532	160,629

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 2016
(UN-AUDITED)

	Note	30 Sep 2016	30 Sep 2015
(Rupees in Thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	1,089,743	1,362,878
Finance cost paid		(145,745)	(238,818)
Income tax paid		(78,490)	(73,846)
Dividend paid to ordinary shareholders		(1)	(125)
Gratuity paid		(14,153)	(29,665)
Net decrease in long term advances		87	100
Net decrease in long term security deposits		7,806	1,746
Net cash from operating activities		859,246	1,022,270
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,857	7,968
Capital expenditure on property, plant and equipment		(141,473)	(72,914)
Net cash used in investing activities		(138,616)	(64,946)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		138,224	-
Repayment of long term financing		(163,490)	(193,750)
Repayment of preference shares		(36,667)	-
Liabilities against assets subject to finance lease-net		(9,855)	(11,456)
Short term borrowings - net		(513,616)	(743,579)
Net cash used in financing activities		(585,404)	(948,785)
NET INCREASE IN CASH AND CASH EQUIVALENTS		135,226	8,539
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,226,653	1,167,579
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,361,879	1,176,118

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 2016
(UN-AUDITED)

(Rupees in Thousand)

	Reserves							Total	Total Equity
	Capital			Revenue					
	Share Premium	Redemption Fund	Sub Total	General	Unappropriated profit	Sub Total			
Balance as at 30 June 2015-Audited	948,333	400,000	128,333	528,333	714,500	4,264,426	4,978,926	5,507,259	6,455,592
Profit after taxation for the three months ended 30 Sep 2015	-	-	-	-	-	160,629	160,629	160,629	160,629
Other comprehensive income for the three months ended 30 Sep 2015	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2015	-	-	-	-	-	160,629	160,629	160,629	160,629
Balance as at 30 Sep 2015-Unaudited	948,333	400,000	128,333	528,333	714,500	4,425,055	5,139,555	5,667,888	6,616,221
Transactions with owners:									
Dividend at the rate of Rupees 4.35 per share (Ordinary shares)	-	-	-	-	-	(261,000)	(261,000)	(261,000)	(261,000)
Dividend at the rate of Rupees 1.19 per share (Preference shares)	-	-	-	-	-	(41,496)	(41,496)	(41,496)	(41,496)
Profit after taxation for the nine months ended 30 June 2016	-	-	-	-	-	568,589	568,589	568,589	568,589
Other comprehensive loss for the nine months ended 30 June 2016	-	-	-	-	-	(58,426)	(58,426)	(58,426)	(58,426)
Total comprehensive income for the nine months ended 30 June 2016	-	-	-	-	-	510,163	510,163	510,163	510,163
Balance as at 30 June 2016-Audited	948,333	400,000	128,333	528,333	714,500	4,632,722	5,347,222	5,875,555	6,823,888
Transfer from capital redemption reserve fund	-	-	(36,667)	(36,667)	-	36,667	36,667	-	-
Preference shares repaid	(36,667)	-	-	-	-	-	-	-	(36,667)
Profit after taxation for the three months ended 30 Sep 2016	-	-	-	-	-	168,532	168,532	168,532	168,532
Other comprehensive income for the three months ended 30 Sep 2016	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2016	-	-	-	-	-	168,532	168,532	168,532	168,532
Balance as at 30 Sep 2016-Unaudited	911,666	400,000	91,666	491,666	714,500	4,837,921	5,552,421	6,044,087	6,955,753

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 2016
(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 Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the company are manufacturing and sale of cotton/synthetic fiber yarn, knitted/dyed fabrics and garments.

2. 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 2016 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 2016.

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 2016.

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 2016.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

UN-AUDITED	AUDITED		UN-AUDITED	AUDITED
30 Sep	30 June		30 Sep	30 June
2016	2016		2016	2016
(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
31 166 668	34 833 334	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash	311,666	348,333
<u>91 166 668</u>	<u>94 833 334</u>		<u>911,666</u>	<u>948,333</u>

Some of the preference shareholders have served conversion notice, for one third of their holding, to the company of 3 666 666 preference shares amounting to Rupees 36.667 million. Responding there to, the company exercised call option and repaid these preference shares.

5.1 14 621 274 ordinary shares (30 June 2016: 14 621 274) of the company are held by Shanghai Challenge Textile Company Limited - Associated company.

	UN-AUDITED	AUDITED
	30 Sep	30 June
	2016	2016
	(Rupees in thousand)	
6. LONG TERM FINANCING-SECURED		
Opening balance	1,853,485	1,655,697
Add: Obtained during the period / year	138,224	1,307,772
Less: Repaid during the period / year	163,490	1,109,984
	<u>1,828,219</u>	<u>1,853,485</u>
Less: Current portion shown under current liabilities	683,278	748,150
	<u>1,144,941</u>	<u>1,105,335</u>

7. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Guarantees of Rupees 114.526 million (30 June 2016: Rupees 75.021 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 amounting to Rupees 397.577 million (30 June 2016: Rupees 231.548 million) and other than capital expenditure are Rupees 299.102 million (30 June 2016: Rupees 124.025 million).

ii) Ijarah (operating lease) commitments amounting to Rupees 68.305 million (30 June 2016: Rupees 78.095 million).

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	6,456,423	6,450,508
Assets subject to finance lease (Note 8.2)	133,157	137,474
Capital work-in-progress	146,423	125,413
	<u>6,736,003</u>	<u>6,713,395</u>
8.1 Operating Fixed Assets		
Opening book value	6,450,508	6,242,057
Add:		
Surplus on revaluation on freehold land	-	294,001
	<u>6,450,508</u>	<u>6,536,058</u>
Add:		
Cost of additions during the period/year (Note 8.1.1)	120,463	377,043
Book value of assets transferred from assets subject to finance lease	-	11,975
	<u>6,570,971</u>	<u>6,925,076</u>
Less:		
Book value of deletions during the period/year (Note 8.1.2)	1,315	6,884
	<u>6,569,656</u>	<u>6,918,192</u>
Less: Depreciation charged during the period/year	113,233	467,684
	<u>6,456,423</u>	<u>6,450,508</u>

	UN-AUDITED 30 Sep 2016	AUDITED 30 June 2016
	(Rupees in thousand)	
8.1.1 Cost of additions during the period / year		
Freehold land	-	5,217
Buildings on freehold land	470	57,281
Plant and machinery	99,456	230,457
Electric and gas installations	1,426	19,868
Factory equipment	202	10,101
Telephone installations	63	835
Furniture and fixtures	3,614	15,875
Office equipment	9	6,066
Computer equipment	2,378	23,552
Vehicles	12,845	7,791
	<u>120,463</u>	<u>377,043</u>
8.1.2 Book value of deletions during the period / year		
Vehicles	1,315	6,884
	<u>1,315</u>	<u>6,884</u>
8.2 Assets subject to finance lease		
Opening book value	137,474	170,034
	137,474	170,034
Less: Book value of assets transferred to operating fixed assets (Note 8.2.1)	-	11,975
	137,474	158,059
Less: Depreciation charged for the period / year	4,317	20,585
	<u>133,157</u>	<u>137,474</u>
8.2.1 Book value of assets transferred to operating fixed assets		
Vehicles	-	11,975
	<u>-</u>	<u>11,975</u>
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	231,413	221,771
Adjustments for non-cash charges and other items:		
Depreciation	117,550	119,834
Provision for gratuity	44,316	41,844
Gain on sale of property, plant and equipment	(1,542)	(5,162)
Finance cost	132,571	196,778
Working capital changes (Note 9.1)	565,435	787,813
	<u>1,089,743</u>	<u>1,362,878</u>
9.1 Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(64,106)	(53,783)
Stock in trade	(463,687)	403,968
Trade debts	684,729	601,734
Loans and advances	(32,118)	(79,837)
Short term deposits and prepayments	(45,889)	(54,904)
Other receivables	185,794	18,234
	264,723	835,412
Increase/(decrease) in trade and other payables	300,712	(47,599)
	<u>565,435</u>	<u>787,813</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 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015

(Rupees in thousand)

Sales

External	205,709	289,916	3,897	12,221	5,354,206	5,110,221	-	-	5,563,812	5,412,359
Intersegment	419,906	372,224	2,221,658	1,868,642	8,851	10,362	(2,650,418)	(2,251,227)	-	-
	625,617	662,140	2,225,555	1,880,863	5,363,057	5,120,583	(2,650,418)	(2,251,227)	5,563,812	5,412,359
Cost of sales	(608,507)	(641,341)	(2,156,108)	(1,823,641)	(4,638,012)	(4,505,022)	2,650,418	2,251,227	(4,752,209)	(4,718,777)
Gross profit	17,110	20,799	69,447	57,222	725,045	615,561	-	-	811,603	693,582
Distribution cost	(9,646)	(12,000)	(29,450)	(25,213)	(328,059)	(298,547)	-	-	(367,155)	(335,760)
Administrative expenses	(5,873)	(6,540)	(18,663)	(16,197)	(95,264)	(98,725)	-	-	(119,801)	(121,462)
	(15,519)	(18,540)	(48,113)	(41,410)	(423,323)	(397,272)	-	-	(486,956)	(457,222)

Profit before taxation and unallocated income and expenses

	1,591	2,259	21,334	15,812	301,722	218,289	-	-	324,647	236,360
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Unallocated income and expenses:

Other expenses									(12,393)	(11,672)
Other income									51,730	193,861
Finance cost									(132,571)	(196,778)
Taxation									(62,881)	(61,142)
Profit after taxation									168,532	160,629

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 2016	30 Jun 2016	30 Sep 2016	30 Jun 2016	30 Sep 2016	30 Jun 2016	30 Sep 2016	30 Jun 2016

(Rupees in thousand)

Segment Assets	1,064,775	1,147,517	2,145,645	1,930,380	10,287,594	9,869,716	13,498,014	12,947,613
Unallocated assets							9,195,999	9,792,691
							22,694,013	22,730,304
Segment Liabilities	168,168	162,316	357,686	641,231	2,606,376	2,010,983	3,132,230	2,814,530
Unallocated liabilities							11,705,796	12,191,652
							14,838,026	15,006,182

11. TRANSACTIONS WITH RELATED PARTIES

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

(Rupees in thousand)	
Un-audited	
Quarter Ended	
30 Sep 2016	30 Sep 2015

i) Transactions

Associated company

Purchase of goods and services	-	17,718
Sale of goods and services	-	144,309

Other related parties

Remuneration paid to Chief Executive Officer, Directors and Executives	71,195	48,114
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12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

13. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 29 October, 2016 by the Board of Directors of the Company.

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 re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement has been made, except for the exchange gain amounting to Rupees 162.866 million reclassified from export sales to other income.

15. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

BOOK POST

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MASOOD TEXTILE MILLS LIMITED

UNIVERSAL HOUSE, 17/1, NEW CIVIL LINES,
BILAL ROAD, FAISALABAD.

TEL: 92-41-2600176-276 FAX: 92-41-2600976
