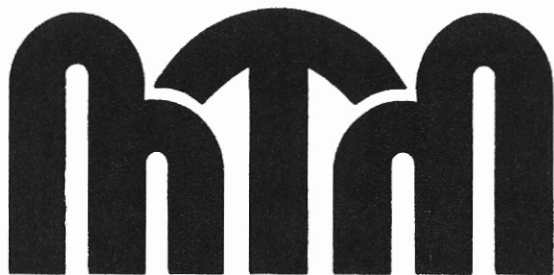


**MASOOD TEXTILE MILLS LIMITED**



**ACCOUNTS  
FOR THE SECOND QUARTER ENDED  
31 DECEMBER 2016**

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# COMPANY INFORMATION

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

# DIRECTORS' REPORT TO THE MEMBERS

We, the Directors of Masood Textile Mills Limited, are pleased to present the un-audited financial statements of the Company for the 2<sup>nd</sup> Quarter ended 31<sup>st</sup> December, 2016 along with consolidated Half Yearly results with the comparative figures of the previous corresponding period. In compliance to the Code of Corporate Governance, it is accompanied by the Review Report compiled by the Auditors.

The profitability of the Company has increased during the half year ended by 31<sup>st</sup> December 2016 as compared to the corresponding period of the last year. Overall sales reflected growth over the last corresponding period and the gross margin also improved slightly in the current half year. Moreover, reduction in financial cost through efficient funds management played a major role to enhance the profitability. Accordingly, it reduced from Rupees 387 million to Rupees 281 million compared to the corresponding period, thus providing substantial support during the current half year. Profit before taxation increased from Rupees 460.432 million to Rupees 466.477 million with resultant earning per share-basic at Rupees 5.67 during the half year ended 31<sup>st</sup> December 2016. In the meantime, we continued our efforts for efficient cost management to compete in the international markets for achieving better financial results in future.

Regarding Directors decision to raise the Paid-up Share Capital of the Company by issuing 7 500 000 Right Shares @ Rupees 140 per share inclusive of premium of Rupees 130 per share, it is a matter of satisfaction that the shareholders including Chinese investors, National Investment Trust and National Bank of Pakistan took keen interest to subscribe the right issue. It would result into enhancement of Paid-up Capital of the Company from Rupees 600,000,000 to Rupees 675,000,000. The proceeds of Right Issue amounting to Rupees 1,050,000,000 will be utilized for restructuring the balance sheet by paying off short term loans, carrying out expansion through BMR and usage of available funds to meet requirements of permanent working capital.

Regarding future prospects, we welcome the recently announced Prime Minister's Package of Incentives for Exporters. It provides for duty drawback of taxes collected from garments, home textiles, processed fabric, greige fabric and yarn manufacturing-cum-exporters units. It is hoped that this package would help the exporters to maintain their margins and enhancing further opportunities for employment. The management is hopeful that foreign investment, technical skills and proposed balancing modernization and replacement (BMR) will contribute a lot towards improvement of financial results of the Company in future. Meanwhile, the textile sector has been reassured by the government that GSP Plus Status for EU markets would stay intact.

We convey our gratitude towards our members for expressing their faith in the management of the Company. We are also thankful to our officers and workers for employing their skill and hard working.

**FOR AND ON BEHALF OF THE BOARD**

FAISALABAD:  
27 February, 2017

**(FAZAL AHMAD)**  
Director

# حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

مسعود ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز موجودہ اختتام پذیر ششماہی کے نتائج بشمول اسی مدت کے تقابلی اعداد و شمار کے ساتھ دوسری سہ ماہی جو کہ 31 دسمبر 2016 کو اختتام پذیر ہو چکی ہے جس کے غیر آڈٹ شدہ گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ ضابطہ کار پورٹ گورننس کے تحت اس رپورٹ کے ساتھ آڈیٹرز کی طرف سے مرتب کردہ جائزہ رپورٹ بھی ہمراہ ہے۔

زیر بحث ششماہی کے دوران گزشتہ اسی عرصہ کے مقابلے میں منافع میں اضافہ ہوا ہے۔ اسی طرح ہماری مصنوعات کی فروخت میں پچھلے عرصے کے مقابلے میں مجموعی طور پر اضافہ ہوا ہے اور مجموعی راجن میں بھی قدرے بہتری ہوئی ہے۔ مزید برآں انتظامیہ نے موثر انتظام کے ذریعے مالیاتی لاگت میں کمی لاکر، جو کہ گزشتہ ششماہی کے مقابلے میں 387 ملین روپے سے کم ہو کر 281 ملین روپے رہ گئی ہے جس نے منافع کو بڑھانے میں اہم کردار ادا کیا ہے۔ جس کی وجہ سے موجودہ ششماہی میں خاطر خواہ مدد ملی ہے۔ کمپنی کی موجودہ ششماہی جو کہ 31 دسمبر 2016 کو اختتام پر پہنچی ہے اس دوران کمپنی کے قبل از ٹیکس منافع 460.432 ملین روپے سے 466.477 ملین روپے تک اضافہ ہوا ہے جس کی وجہ سے کمپنی کے فی حصص میں بھی 5.67 روپے کی کمائی ہوئی ہے۔ اسی اثناء میں ہم بین الاقوامی منڈی میں مقابلہ کرنے کے لئے موثر انتظام کے تحت اپنی کوششوں کو جاری رکھے ہوئے ہیں تاکہ مستقبل میں بہتر مالیاتی نتائج حاصل ہو سکیں۔

گزشتہ اجلاس میں کمپنی کے ڈائریکٹرز نے ادا شدہ سرمایہ کو بڑھانے کا فیصلہ کیا جس میں 7.5 ملین حصص 140 روپے فی حصص بشمول 130 روپے پریہمیم شامل ہے۔ اس کے متعلق قابل اطمینان بات یہ ہے کہ حصص یافتگان بشمول چینی سرمایہ کار، نیشنل انوسٹمنٹ ٹرسٹ اور نیشنل بینک آف پاکستان نے حق حصص میں خریداری کرنے میں گہری دلچسپی لی ہے۔ نتیجتاً کمپنی کا ادا شدہ سرمایہ 600 ملین روپے سے بڑھ کر 675 ملین روپے تک پہنچ جائے گا۔ حق حصص سے حاصل شدہ رقم جو کہ 1050 ملین روپے ہے اس سے مختصر مدت کے قرضوں کی ادائیگی، BMR کے ذریعے سے کی جانے والی توسیع اور موجودہ فنڈز کو استعمال میں لاتے ہوئے مستقل کام چلانے کے لئے سرمایہ کی ضروریات کو پورا کیا جائے گا تاکہ بیلنس شیٹ کی تنظیم نو ہو سکے۔

ہم وزیر اعظم کے حالیہ اعلان کردہ برآمد کنندگان کے لیے رعایتی ٹیکس کو بھی سراہتے ہیں۔ جس کے تحت گارمنٹس، ہوم ٹیکسٹائل، پروڈس فیبرک، گرے فیبرک manufacturing cum-exporters units سے وصول شدہ ٹیکس کی واپسی ممکن ہوگی۔ امید کی جاتی ہے کہ یہ ٹیکس برآمد کنندگان کو اپنے مارجنز کو برقرار رکھنے کے ساتھ ساتھ روزگار کے مواقع بھی بہتر بنانے میں مددگار ثابت ہوگا۔ انتظامیہ مستقبل میں بذریعہ غیر ملکی سرمایہ کاری ٹیکنیکی مہارت اور مجوزہ توسیع جدید متبادل (BMR) کے حصول کے ذریعے بہتر مالیاتی نتائج کے لیے پرامید ہے۔ دریں اثناء حکومت نے ٹیکسٹائل سیکٹر کے لیے یورپی یونین کی مارکیٹوں میں GSP پلس سٹیٹس برقرار رکھنے کی یقین دہانی کروائی ہے۔

ہم کمپنی کے ارکان کا انتظامیہ پر بھروسہ رکھنے پر شکر گزار ہیں۔ اس کے ساتھ ساتھ ہم اپنے افسران اور کارکنان کے بھی مشکور ہیں جنہوں نے مہارت اور جانفشانی سے کام کیا۔

از طرف بورڈ

فیصل آباد

فیصل احمد

27 فروری 2017ء

ڈائریکٹر

# **AUDITORS' REPORT TO THE MEMBERS**

## **ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of MASOOD TEXTILE MILLS LIMITED as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2016.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **RIAZ AHMAD & COMPANY**

Chartered Accountants

Name of engagement Partner:

Mubashar Mehmood

Date: 27 February, 2017

FAISALABAD

# MASOOD TEXTILE MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	Un-audited 31 Dec 2016	Audited 30 June 2016
<b>(RUPEES IN THOUSAND)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
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>
<b>Issued, subscribed and paid up share capital</b>	5	911,666	948,333
<b>Deposit for shares</b>		778,166	-
<b>Reserves</b>		<u>5,934,113</u>	<u>5,875,555</u>
<b>Total Equity</b>		7,623,945	6,823,888
<b>Surplus on revaluation of freehold land</b>		900,234	900,234
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	1,369,426	1,105,335
Liabilities against assets subject to finance lease		31,740	52,468
Deferred liability for gratuity		<u>606,668</u>	<u>566,816</u>
		2,007,834	1,724,619
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,580,346	2,156,675
Accrued mark-up		100,257	91,040
Short term borrowings		11,803,034	10,056,494
Current portion of non-current liabilities		618,018	788,853
Provision for taxation		<u>113,264</u>	<u>188,501</u>
		15,214,919	13,281,563
<b>TOTAL LIABILITIES</b>		<u>17,222,753</u>	<u>15,006,182</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>25,746,932</u>	<u>22,730,304</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	7,110,470	6,713,395
Long term advances		8,267	289
Long term security deposits		<u>38,069</u>	<u>45,802</u>
		7,156,806	6,759,486
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,067,044	956,585
Stock-in-trade		7,223,344	5,277,633
Trade debts		6,165,564	6,067,959
Loans and advances		319,004	303,928
Short term deposits and prepayments		584,237	576,012
Other receivables		1,477,820	1,562,048
Cash and bank balances		<u>1,753,113</u>	<u>1,226,653</u>
		18,590,126	15,970,818
<b>TOTAL ASSETS</b>		<u>25,746,932</u>	<u>22,730,304</u>

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

**Statement under section 241 (2) of the Companies Ordinance, 1984:**

The Chief Executive Officer of the Company is presently out of the country. Therefore this condensed interim financial information has been signed by two Directors as required under section 241 (2) of the Companies Ordinance 1984.

DIRECTOR

DIRECTOR

**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**  
**(UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
----- (RUPEES IN THOUSAND) -----				
SALES	11,518,950	11,129,235	5,955,138	5,716,876
COST OF SALES	(9,846,160)	(9,556,615)	(5,093,951)	(4,837,838)
GROSS PROFIT	1,672,790	1,572,620	861,187	879,038
DISTRIBUTION COST	(779,741)	(680,395)	(412,586)	(344,635)
ADMINISTRATIVE EXPENSES	(233,694)	(234,358)	(113,893)	(112,896)
OTHER EXPENSES	(24,858)	(24,576)	(12,465)	(12,904)
OTHER INCOME	112,912	214,192	61,182	20,331
FINANCE COST	(280,932)	(387,051)	(148,361)	(190,273)
PROFIT BEFORE TAXATION	466,477	460,432	235,064	238,661
TAXATION	(113,264)	(123,002)	(50,383)	(61,860)
PROFIT AFTER TAXATION	353,213	337,430	184,681	176,801
EARNINGS PER SHARE - BASIC (RUPEES)	5.67	5.36	2.97	2.82
- DILUTED (RUPEES)	5.36	5.18	2.75	2.73

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

**Statement under section 241 (2) of the Companies Ordinance, 1984:**

The Chief Executive Officer of the Company is presently out of the country. Therefore this condensed interim financial information has been signed by two Directors as required under section 241 (2) of the Companies Ordinance 1984.



# MASOOD TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	----- (RUPEES IN THOUSAND) -----			
PROFIT AFTER TAXATION	353,213	337,430	184,681	176,801
OTHER COMPREHENSIVE INCOME				
<b>Items that will not be reclassified subsequently to profit or loss:</b>	-	-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>353,213</u>	<u>337,430</u>	<u>184,681</u>	<u>176,801</u>

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

### Statement under section 241 (2) of the Companies Ordinance, 1984:

The Chief Executive Officer of the Company is presently out of the country. Therefore this condensed interim financial information has been signed by two Directors as required under section 241 (2) of the Companies Ordinance 1984.

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**  
**(UN-AUDITED)**

Note	Half Year Ended	
	31 Dec 2016	31 Dec 2015

(RUPEES IN THOUSAND)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash (utilized in) / generated from operations	9	(685,770)	1,741,021
Finance cost paid		(271,715)	(447,185)
Income tax paid		(138,787)	(149,662)
Dividend paid to ordinary shareholders		(233,048)	(180,425)
Dividend paid to preference shareholders		(30,655)	(41,496)
Gratuity paid		(55,907)	(51,154)
Net (increase) / decrease in long term advances		(7,978)	235
Net decrease in long term security deposits		7,733	3,271
Net cash (utilized in) / generated from operating activities		(1,416,127)	874,605

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of property, plant and equipment		29,321	8,789
Capital expenditure on property, plant and equipment		(647,301)	(131,972)
Net cash used in investing activities		(617,980)	(123,183)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from long term financing		450,662	750,605
Repayment of long term financing		(357,052)	(368,878)
Repayment of preference shares		(36,667)	-
Share deposit money received		778,166	-
Repayment of liabilities against assets subject to finance lease		(21,082)	(23,085)
Short term borrowings-net		1,746,540	(883,548)
Net cash from / (used in) financing activities		2,560,567	(524,906)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

526,460      226,516

**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**

1,753,113      1,394,095

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

**Statement under section 241 (2) of the Companies Ordinance, 1984:**

The Chief Executive Officer of the Company is presently out of the country. Therefore this condensed interim financial information has been signed by two Directors as required under section 241 (2) of the Companies Ordinance 1984.

DIRECTOR

DIRECTOR

**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**  
**(UN-AUDITED)**

(RUPEES IN THOUSAND)

	SHARE CAPITAL	DEPOSIT FOR SHARES	RESERVES						TOTAL EQUITY	
			CAPITAL			REVENUE				
			Share Premium	Redemption Fund	Sub Total	General	Unappropriated profit	Sub Total		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
Transaction 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 half year ended 31 December 2015	-	-	-	-	-	-	337,430	337,430	337,430	337,430
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2015	-	-	-	-	-	-	337,430	337,430	337,430	337,430
Balance as at 31 Dec 2015 (Un-audited)	948,333	-	400,000	128,333	528,333	714,500	4,299,360	5,013,860	5,542,193	6,490,526
Profit after taxation for the half year ended 30 June 2016	-	-	-	-	-	-	391,788	391,788	391,788	391,788
Other comprehensive loss for the half year ended 30 June 2016	-	-	-	-	-	-	(58,426)	(58,426)	(58,426)	(58,426)
Total comprehensive income for the half year ended 30 June 2016	-	-	-	-	-	-	333,362	333,362	333,362	333,362
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	-	-
Transfer to capital redemption reserve fund	-	-	-	36,667	36,667	-	(36,667)	(36,667)	-	-
Transaction with owners:										
Preference shares repaid	(36,667)	-	-	-	-	-	-	-	-	(36,667)
Dividend at the rate of Rupees 4.40 per share (Ordinary shares)	-	-	-	-	-	-	(264,000)	(264,000)	(264,000)	(264,000)
Dividend at the rate of Rupees 0.88 per share (Preference shares)	-	-	-	-	-	-	(30,655)	(30,655)	(30,655)	(30,655)
Deposit for shares received against issuance of 12.50% right shares at the premium of Rupees 130 per share	-	778,166	-	-	-	-	-	-	-	778,166
Profit after taxation for the half year ended 31 December 2016	-	-	-	-	-	-	353,213	353,213	353,213	353,213
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2016	-	-	-	-	-	-	353,213	353,213	353,213	353,213
Balance as at 31 Dec 2016 (Un-audited)	911,666	778,166	400,000	128,333	528,333	714,500	4,691,280	5,405,780	5,934,113	7,623,945

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

**Statement under section 241 (2) of the Companies Ordinance, 1984:**

The Chief Executive Officer of the Company is presently out of the country. Therefore this condensed interim financial information has been signed by two Directors as required under section 241 (2) of the Companies Ordinance 1984.

**DIRECTOR**

**DIRECTOR**

**MASOOD TEXTILE MILLS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 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, P-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 but subject to limited scope review by the statutory auditors 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 half year ended 31 December 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 preceding 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 adopted 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 JUDGEMENTS**

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 judgements 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 31-Dec 2016 (NUMBER OF SHARES)	Audited 30 June 2016		Un-audited 31 Dec 2016 (RUPEES IN THOUSAND)	Audited 30 June 2016
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 Shangai Challenge Textile Company Limited - Associated company.

Un-audited 31 Dec 2016 (RUPEES IN THOUSAND)	Audited 30 June 2016
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## 6. LONG TERM FINANCING - SECURED

Opening balance	1,853,485	1,655,697
Add: Obtained during the period / year	450,662	1,307,772
Less: Repaid during the period / year	357,052	1,109,984
	<u>1,947,095</u>	<u>1,853,485</u>
Less: Current portion shown under current liabilities	577,669	748,150
	<u>1,369,426</u>	<u>1,105,335</u>

## 7. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

Guarantees of Rupees 117.197 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, Total Parco Pakistan Limited against fuel cards and Collector of Customs for import license fee.

### b) Commitments

i) Contracts for capital expenditure are amounting to Rupees 795.716 million (30 June 2016: Rupees 231.548 million) and other than capital expenditure are amounting to Rupees 287.828 million (30 June 2016: Rupees 124.025 million).

ii) Ijarah ( operating lease ) commitments amounting to Rupees 64.707 million ( 30 June 2016 : Rupees 78.095 million).

## 8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	6,484,894	6,450,508
Assets subject to finance lease (Note 8.2)	124,812	137,474
Capital work-in-progress	500,764	125,413
	<u>7,110,470</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>
Cost of additions during the period / year (Note 8.1.1)	271,950	377,043
Book value of assets transferred from assets subject to finance lease	4,411	11,975
	<u>6,726,869</u>	<u>6,925,076</u>
Less: Book value of deletions during the period/year - Vehicles	12,246	6,884
	<u>6,714,623</u>	<u>6,918,192</u>
Less: Depreciation charged during the period / year	229,729	467,684
	<u>6,484,894</u>	<u>6,450,508</u>

#### 8.1.1 Cost of additions during the period / year

Freehold land	-	5,217
Buildings on freehold land	2,176	57,281
Plant and machinery	227,313	230,457
Electric and gas installations	9,640	19,868
Factory equipment	2,413	10,101
Telephone installations	236	835
Furniture and fixtures	5,154	15,875
Office equipment	28	6,066
Computer equipment	9,963	23,552
Vehicles	15,027	7,791
	<u>271,950</u>	<u>377,043</u>

<b>Un-audited</b>	<b>Audited</b>
<b>31 Dec</b>	<b>30 June</b>
<b>2016</b>	<b>2016</b>
<b>(RUPEES IN THOUSAND)</b>	

## 8.2 Assets subject to finance lease

Opening book value	137,474	170,034
Less: Book value of assets transferred to operating fixed assets - Vehicles	4,411	11,975
	133,063	158,059
Less: Depreciation charged during the period / year	8,251	20,585
	<u>124,812</u>	<u>137,474</u>

(Un-audited)

<b>Half Year Ended</b>	
<b>31 Dec</b>	<b>31 Dec</b>
<b>2016</b>	<b>2015</b>

(RUPEES IN THOUSAND)

## 9. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS

Profit before taxation	466,477	460,432
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	237,980	241,189
Provision for gratuity	88,095	84,836
Gain on sale of property, plant and equipment	(17,075)	(5,592)
Finance cost	280,932	387,051
Working capital changes (Note 9.1)	(1,742,179)	573,105
	<u>(685,770)</u>	<u>1,741,021</u>

### 9.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(110,459)	(55,329)
Stock in trade	(1,945,711)	(481,662)
Trade debts	(97,605)	1,428,305
Loans and advances	(15,076)	7,912
Short term deposits and prepayments	(57,939)	(60,781)
Other receivables	84,228	(171,939)
	<u>(2,142,562)</u>	<u>666,506</u>
Increase / (decrease) in trade and other payables	400,383	(93,401)
	<u>(1,742,179)</u>	<u>573,105</u>

## 10. SEGMENT INFORMATION

### 10.1 Segment results

Spinning		Knitting		Processing and Garments		Elimination of inter-segment transactions		Total-Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015

----- (RUPEES IN THOUSAND) -----

#### Sales

External	414,184	571,918	18,239	29,316	11,086,527	10,528,001	-	-	11,518,950	11,129,235
Intersegment	817,625	782,436	4,676,582	3,707,031	14,608	22,916	(5,510,815)	(4,512,383)	-	-
	1,231,809	1,354,354	4,694,821	3,736,347	11,101,135	10,550,917	(5,510,815)	(4,512,383)	11,518,950	11,129,235
Cost of sales	(1,194,708)	(1,316,172)	(4,552,695)	(3,619,874)	(9,609,572)	(9,132,952)	5,510,815	4,512,383	(9,846,160)	(9,556,615)
Gross profit	37,101	38,182	144,126	116,473	1,491,563	1,417,965	-	-	1,672,790	1,572,620
Distribution cost	(17,886)	(20,503)	(59,450)	(48,213)	(702,405)	(611,679)	-	-	(779,741)	(680,395)
Administrative expenses	(13,056)	(13,442)	(34,018)	(33,254)	(186,620)	(187,662)	-	-	(233,694)	(234,358)
	(30,942)	(33,945)	(93,468)	(81,467)	(889,025)	(799,341)	-	-	(1,013,435)	(914,753)

#### Profit before

taxation and unallocated income and expenses

	6,159	4,237	50,658	35,006	602,538	618,624	-	-	659,355	657,867
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#### Unallocated income and expenses:

Other expenses									(24,568)	(24,576)
Other income									112,912	214,192
Finance cost									(280,932)	(387,051)
Taxation									(113,264)	(123,002)
Profit after taxation									353,213	337,430

### 10.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Knitting		Processing and Garments		Total-Company	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016	31 Dec 2016	30 June 2016

----- (RUPEES IN THOUSAND) -----

Total assets for reportable segments	1,905,411	1,147,517	2,211,477	1,930,380	11,283,972	9,869,716	15,400,860	12,947,613
Unallocated assets							10,346,072	9,782,691
Total assets as per balance sheet							25,746,932	22,730,304
Total liabilities for reportable segments	153,335	162,316	550,180	641,231	2,583,756	2,010,983	3,287,271	2,814,530
Unallocated liabilities							13,935,482	12,191,652
Total liabilities as per balance sheet							17,222,753	15,006,182

## 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies and other related parties. The Company in the normal course of business carries out transaction with various related parties. Detail of transactions with related parties are as follow:

(RUPEES IN THOUSAND)

Un-audited			
Half Year Ended		Quarter Ended	
31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015

### Transactions

#### Associated company

Purchase of goods and services	-	70,720	-	53,002
Sale of goods and services	-	170,511	-	26,202
Dividend paid	64,334	63,603	64,334	63,603
Share deposit money received	255,872	-	255,872	-

#### Other related parties

Dividend paid	6,480	6,488	6,480	6,488
Share deposit money received	25,773	-	25,773	-
Remuneration paid to Chief Executive Officer, Directors and Executives	142,626	93,578	71,431	45,464

## 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. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of Company at their meeting held on 29 October, 2016 has decided to issue 7 500 000 ordinary shares as right shares at Rupees 10 per share and at the premium of Rupees 130 per share in the ratio of 12.50 ordinary share for every 100 ordinary shares held by the existing share holders of the Company. The subscription money was being received at the period end and shown as deposit for shares in this condensed interim financial information. However the right shares have been issued subsequently after the period end. This event has been considered as non-adjusting event under IAS-10 'Events after the reporting period' and has not been adjusted in this condensed interim financial information.

## 14. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 27 February, 2017 by the Board of Directors of the Company.

## 15. CORRESPONDING FIGURES

In order to comply with the requirements of (IAS) 34, 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-arrangements have been made, except for the exchange gain amounting to Rupees 163.365 million reclassified from export sales to other income.

**16. GENERAL**

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

**Statement under section 241 (2) of the Companies Ordinance, 1984:**

The Chief Executive Officer of the Company is presently out of the country. Therefore this condensed interim financial information has been signed by two Directors as required under section 241 (2) of the Companies Ordinance 1984.

\_\_\_\_\_  
**DIRECTOR**

\_\_\_\_\_  
**DIRECTOR**

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