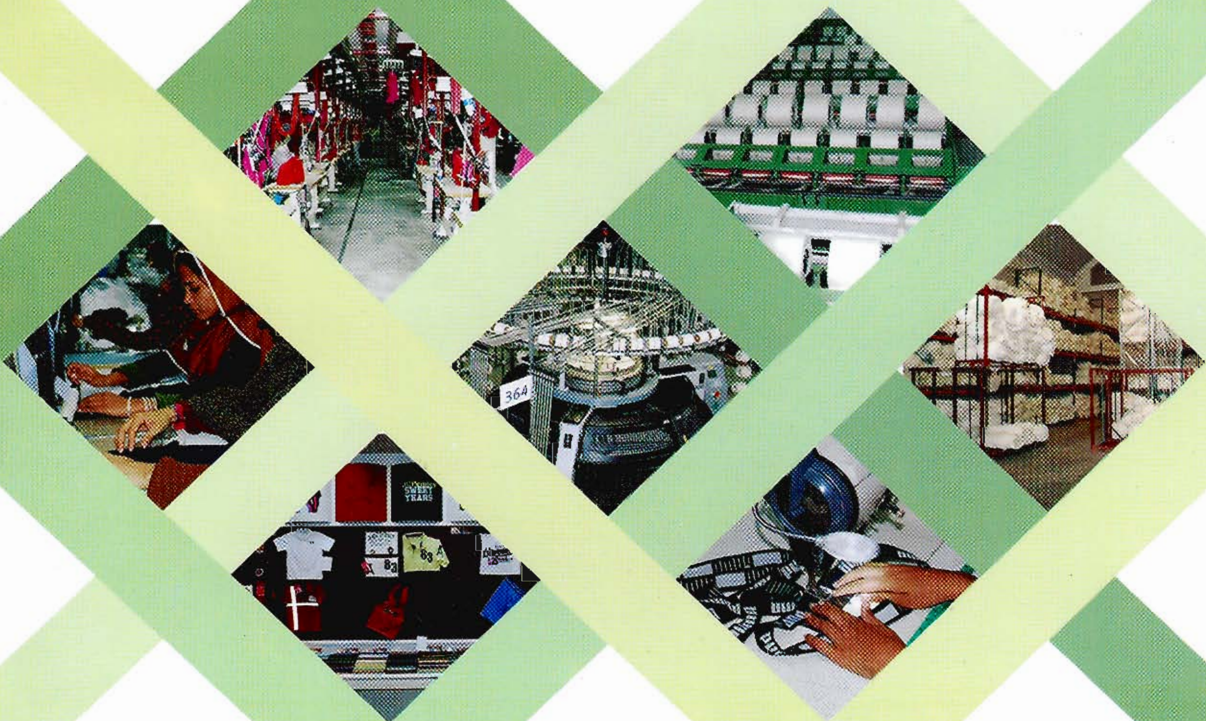
Masood Textile Mills Limited

Annual Report 2017



CONTENTS

COMPANY INFORMATION

CHAIRMAN	:	MR. NASEER AHMAD SHAH
CHIEF EXECUTIVE OFFICER	:	MR. SHAHID NAZIR AHMAD
DIRECTORS	:	MR. MATLOOB HUSSAIN
	:	MR. FAZAL AHMAD
	:	MISS CHEN YAN (Nominee-Shanghai Challenge Textile Co. Ltd)
	:	MR. SHIBIN YANG (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. NASEER AHMAD SHAH
	:	MR. MATLOOB HUSSAIN
HR & REMUNERATION COMMITTEE	:	MR. MATLOOB HUSSAIN (Chairman)
	:	MR. SHAHID NAZIR AHMAD
	:	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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 33rd Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, P-17/1 New Civil Lines, Bilal Road, Faisalabad on Tuesday, 31st October, 2017 at 11:00 A.M. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on 31st October, 2016.
2. To receive and adopt the Audited Accounts of the Company for the financial year ended 30th June, 2017.
3. To approve the payment of cash dividend @ 17.50% (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, 2018. 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: 06th October, 2017

(COMPANY SECRETARY)

NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 29th October to 05th November, 2017 (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, 2017 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 29th October to 05th November, 2017 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. (Rs.0.81 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, 2017 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. Pursuant to Finance Act, 2017, the Company is liable to withhold Income Tax @ 15 % from the Filers and 20 % from the Non-Filers under the provisions of Section 150 of the Income Tax Ordinance, 2001. Kindly ensure your status from Active Tax Payer's List, available at FBR's website, before disbursement of Dividend by the Company. Individuals without CNIC(s) will be treated Non-Filers, since their status cannot be verified from FBR.
6. Physical Share Holders are requested to notify any change in their addresses immediately. The share holders claiming exemption from Zakat are required to file their Declaration with our Share Registrar. Moreover, the share holders who have not yet submitted their Computerized National Identity Cards to the Company are requested once again to send attested copies thereof at their earliest. Otherwise, their Dividend will be withheld for lack of complete information.
7. **Physical Share Holders are required to provide immediately their "International Bank Account Number (IBAN)" containing the title of account, along with Name of Bank, Branch Name and Address, since the Company is required to pay Cash Dividend through electronic mode, directly into the bank accounts of its share holders.**

CHAIRMAN'S REVIEW

I feel pleasure to present the Chairman's Review on the overall performance of the Board. Their collective efforts are reflected through Annual Report for the financial year ended 30th June, 2017. It expresses the production efficiency improvements, BMR and capacity enhancements through additions in fixed assets. However, with the injection of fresh funds through right issue and collaboration of Chinese partners, continuous and collective efforts of the Board are being employed to enhance the profitability of the Company.

Taking advantage of this opportunity, I would also like to comment upon the prevailing conditions of textile industry. There is a dire need to fast-track the economy. Enabling conditions would have to be provided for cost controls, increasing exports and employment opportunities. Investment in industry is urgently required to impart inherent strength to the economy and confer on it the resilience to manage shocks and in the long term cure the economy of inflationary propensities and the like.

China's current progress in textiles and the continuing shift of its focus on downstream sectors gives an opportunity to Pakistan to fill up the area in spinning and weaving being vacated by China. This is an opportunity that should not be missed. We must take benefit of the rapid economic progress of China and enable synergies of operation to be achieved. We are committed to the progress and prosperity of Pakistan and will continue to exert ourselves for making Pakistan a vibrant and self-reliant economy.

Better market access is important for the export oriented textile industry. The mind-set of our western trading partners has to be changed. They view market access to Pakistan as a kind of charity or concession extended unilaterally and gratuitously. These countries are not sensitized to the burden that industry in Pakistan bore and is bearing in terms of disarrayed infrastructure, strained economy, dislocation of normal working conditions, lost exports and ironically uncharitable travel advisories, on account of Pakistan undertaking the war on terror. Developed countries should see widening of market access to Pakistan as a reciprocal measure for what has already been borne by the country and its industry for a cause that is dear to all right-thinking humanity and is as much international as it is national. I do not accept that market access to Pakistan is a unilateral gesture. I ask for due consideration of the issues which are being faced by textile industry.

Under the guidance of the Board, the contribution of the concerned staff cannot be ignored which staff remained responsible for conducting financial affairs, dealing with complicated issues pertaining to Taxation and Corporate Affairs along with resolving production and marketing issues while disposing off labour problems successfully.

I am pleased to express that the overall performance of the Board remained satisfactory and the Directors have played their role effectively while fulfilling their responsibilities and achieving the company's objectives.

CHAIRMAN

Faisalabad:
06 October, 2017

DIRECTORS' REPORT TO THE MEMBERS

We, the Directors of your Company are pleased to present our 33rd annual report of the Company, comprising of the audited financial statements for the financial year ended 30th June, 2017 along with Auditors' Report thereon and other required information prescribed under the Code of Corporate Governance and Companies Law.

During the financial year ended June 30, 2017, your company earned a gross profit of Rs. 3.385 billion as compared to gross profit of Rs. 3.212 billion for the previous financial year ended by June 30, 2016. The Company recorded a net profit of Rs. 887.001 million (Earning per share: Rs. 12.76 per share), as compared to net profit of Rs. 729.218 million (Earning per share: Rs. 11.64 per share) in the previous financial year. Thus reflecting a substantial healthy increase of 21.64 % over the last year. In spite of the deteriorating business conditions in Textile Sector, your company has successfully maintained its profitability in terms of monetary value and was able to improve profit margins in terms of percentage to sales by effective cost management, better capacity utilization and improvements in the overall operating performance of the Company. The comparative financial results of the Company are reproduced hereunder:

		2017	2016
		(RUPEES IN THOUSAND)	
REVENUE		23,393,876	23,183,485
COST OF SALES		(20,008,592)	(19,971,238)
GROSS PROFIT		3,385,284	3,212,247
DISTRIBUTION COST		(1,478,067)	(1,396,012)
ADMINISTRATIVE EXPENSES		(480,722)	(472,516)
OTHER EXPENSES		(10,675)	(48,644)
OTHER INCOME		218,041	341,212
FINANCE COST		(640,673)	(718,568)
PROFIT BEFORE TAXATION		993,188	917,719
TAXATION		(106,187)	(188,501)
PROFIT AFTER TAXATION		887,001	729,218
EARNINGS PER SHARE - BASIC	(RUPEES)	12.76	11.64
- DILUTED	(RUPEES)	12.16	11.14

The overall economic situation of Pakistan remained under pressure like energy crisis, continued economic volatility and rising cost of doing business over the last several years which has depressed the export growth and turnover. The textile sector is expected to remain under pressure due to subdued demand in both local and international markets as well as reduced prices of products accompanied by foreign exchange rate constraints. However, pursuant to current remedial measures taken by the Government, we express our gratitude for duty drawback of taxes, effective from January, 2016. However, its continuation subject to 10 % increase in sales, over the last year, is depressing. Delay in disbursement of duty drawback is also mitigating its objectives and benefits. Moreover, the issue of delayed sales tax refund payments has not yet been resolved. It may result into increasing financial cost and thus reducing the net profits of the Company. Likewise, the imposition of Super Tax and its continuation for the consecutive third year is disappointing for the industry. The Government should implement comprehensive strategy to counter the related issues in order to accelerate the industrial pace and also manage to flourish industry in order to save livelihood of millions of workers.

It is hoped that with the continuation of Government supportive policies and stern efforts of the management, your Company will continue to prosper in all fields in future. Further it will also help to compete in international markets through new business developments and effective cost management. Hence, the management is expecting improved financial results in the subsequent period.

Keeping in view the profitability and continuous payout history of the Company during the previous years, your Directors have recommended 17.50% Cash Dividend (Rs. 1.75 per share) for the holders of Ordinary Shares, for the financial year under review. It's encouraging reward for the shareholders against their investment.

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 financial requirements. After expiry of their maturity, the process of their redemption continued at the option of the Company. However, during the financial year under review, redemption of 3,666,668 Preference Shares was affected. Under the agreed terms and conditions, Preferred Dividend of Rupee 0.81 per share has been computed against balance 31,166,668 Preference Shares on the basis of average six months KIBOR+200 bps per annum. While complying with the mandatory provisions of Section 242 of the newly promulgated Companies Act, 2017 and in compliance to the instructions of the Securities & Exchange Commission of Pakistan, any cash dividend shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, all Shareholders are required to provide immediately their "International Bank Account Number (IBAN)" containing the title of account, along with Name of Bank, Branch Name and Address, so that their cash dividend may be directly transferred into bank accounts.

Pursuant to Section 244 of the newly promulgated Companies Act, 2017 and in compliance to the instructions of the Securities & Exchange Commission of Pakistan, your Company has conveyed the quantum of physical ordinary shares and figures of cash dividend, which remained un-claimed for a period of more than three years. Moreover, notices have been issued through registered letters to the individual shareholders on their last known addresses, in an endeavor to deliver their un-claimed shares / dividend. It will provide them ninety days to file their claims. As a last resort, final ninety days' notice will also be issued through news papers to search out the claimants. After exhausting the prescribed practice, the Company will proceed to deposit the un-claimed physical shares / cash dividend with the Federal Government.

During the financial year under review, your Directors announced to raise further share capital of the Company by issuing Right Shares @ 12 ½ % of the existing Ordinary Shares. Accordingly, the process was successfully completed by issuing 7.500 Million Right Shares @ Rs. 140 per Share, inclusive of premium of Rs. 130 per Share. Majority of the Shareholders preferred to invest in further issue by expressing their faith and confidence in the management of the Company. Thus the paid-up capital against Ordinary Shares was raised from Rs. 600.000 Million to Rs. 675.000 Million. The resultant proceeds of Right Issue, amounting to Rs. 1,050.000 Million were utilized for restructuring the balance sheet by paying off short term loans and carrying out expansion through BMR along with usage of available funds to meet requirements of permanent working capital.

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

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

S.No.	Name of Directors	No. of Meetings Attended
1.	Mr. Naseer Ahmad Shah	5
2.	Mr. Shahid Nazir Ahmad	5
3.	Mr. Matloob Hussain	5
4.	Mr. Fazal Ahmad	5
5.	Mr. Shoaib Ahmad Khan (Nominee-NIT)	2
6.	Miss Chen Yan (Nominee-Shanghai Challenge Tex.Co.Ltd.)	2
7.	Mr. Shibin Yang (Nominee-Shanghai Challenge Tex.Co.Ltd.)	1

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

S.No.	Name of Directors	No. of Meetings Attended
1.	Mr. Fazal Ahmad	5
2.	Mr. Shahid Nazir Ahmad	3
3.	Mr. Naseer Ahmad Shah	1
4.	Mr. Matloob Hussain	5

M/s Riaz Ahmed & Company, Chartered Accountants, retire and being eligible, offer themselves for their re-appointment. As advised by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the next financial year ending 30th June, 2018.

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 shareholding along with prescribed additional information, as on 30th June, 2017. Moreover, the Directors of the Company endorse the contents of the Chairman's Review which also covers the overall review of textile industry.

With the collaboration of our Chinese partners, we wish to continue our journey towards prosperity by enhancing the profitability of the Company in future. We express our pleasure for the continued dedication and efforts of the employees of the Company. Our thanks are also extended to our customers, suppliers, bankers, advisors and shareholders for their continuous support.

Faisalabad
06th October, 2017

CHIEF EXECUTIVE OFFICER **DIRECTOR**

ممبران کیلئے ڈائریکٹرز رپورٹ

ہم آپ کی کمپنی کے ڈائریکٹرز کمپنی کی 33 ویں سالانہ رپورٹ 30 جون 2017 کو اختتام پذیر ہونے والے مالی سال کے آڈٹ شدہ گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اس کے ساتھ ساتھ آڈیٹر رپورٹ، کوڈ آف کارپوریٹ گورننس اور کمپنیز لاء کے تحت مقرر کردہ دیگر مطلوبہ معلومات فراہم کر رہے ہیں۔

دوران مالی سال مختتمہ 30 جون 2017 میں آپ کی کمپنی کا مجموعی نفع 3.385 بلین روپے ہے، جبکہ پچھلے مالی سال 30 جون 2016 میں حاصل شدہ مجموعی نفع 3.212 بلین روپے تھا۔ کمپنی نے 887.001 ملین روپے کا صافی منافع حاصل کیا (جو فی حصص کمائی 12.76 روپے ہے) جبکہ پچھلے سال صافی منافع 729.218 ملین روپے تھا (جو فی حصص کمائی 11.64 روپے تھا)۔ اس طرح پچھلے سال کی نسبت 21.64 فیصد اضافی منافع ہوا۔ ٹیکسٹائل کے شعبہ میں کاروبار کی معاشی تنزلی کے باوجود آپ کی کمپنی نے کامیابی کے ساتھ مالیاتی منافع کمایا اور فروخت کو بڑھا کر، پیداواری لاگت کم کر کے، بہترین وسائل کو بروئے کار لا کر، تمام آپریٹنگ کارکردگی کے زیر اثر نفع کی شرح کو بڑھایا۔ کمپنی کے مالی نتائج کا موازنہ درج ذیل ہے۔

تفصیل	2017	2016
	روپے ہزاروں میں	روپے ہزاروں میں
آمدنی	23,393,876	23,183,485
لاگت سیلز	(20,008,592)	(19,971,238)
مجموعی نفع	3,385,284	3,212,247
ڈسٹری بیوشن خرچہ	(1,478,067)	(1,396,012)
کاروبار کے انتظامی اخراجات	(480,722)	(472,516)
دیگر اخراجات	(10,675)	(48,644)
دیگر آمدن	218,041	341,212
مالی لاگت	(640,673)	(718,568)
نفع قبل از ٹیکس	993,188	917,719
ٹیکس	(106,187)	(188,501)
نفع بعد از ٹیکس	887,001	729,218
آمدن فی حصص بنیادی (روپیہ)	12.76	11.64
آمدن فی حصص ڈائیلوٹ / کمی کر کے (روپیہ)	12.16	11.14

پچھلے کافی سالوں سے پاکستان کی مجموعی اقتصادی صورتحال، توانائی کا بحران، مسلسل اقتصادی عدم واستحکام اور بڑھتے ہوئے کاروباری اخراجات سے برآمدات کی شرح نمو اور منافع کافی دباؤ کا شکار رہا ہے۔ ٹیکسٹائل کا شعبہ لوکل منڈی اور بین الاقوامی منڈیوں میں اشیاء کی مانگ اور قیمتوں میں کمی اور غیر ملکی زرمبادلہ کی قیمت میں کمی کے باعث مسلسل دباؤ کا شکار ہے۔ تاہم حکومت کی طرف سے کیے جانے والے موجودہ اصلاحی اقدامات کے مطابق ہم جنوری 2016 سے ٹیکسوں پر ڈیوٹی ڈرابیکس ملنے پر گورنمنٹ کے مشکور ہیں۔ تاہم اس کا 10 فیصد فروخت کی بڑھوتری کے ساتھ پچھلے سال سے مشروط ہونا غیر مناسب ہے۔ ڈیوٹی ڈرابیکس کی ادائیگی کی تاخیر سے اس کے مقاصد اور فوائد میں کمی ہوئی ہے، مزید یہ کہ سیلز ٹیکس ریفنڈ کی ادائیگیوں میں تاخیر کا مسئلہ ابھی تک حل نہیں ہوا، جس کی وجہ سے کمپنی کی مالی لاگت میں اضافہ اور کمپنی کے صافی منافع میں کمی ہوئی ہے۔ اسی طرح سپر ٹیکس کا لاگو ہونا اور اسکا مسلسل تیسرے سال تک جاری رہنا ٹیکسٹائلز کے شعبہ کیلئے پریشان کن ہے۔ حکومت کو چاہیے کہ متعلقہ مسائل کے خاتمے کیلئے ایک جامع حکمت عملی تشکیل دے تاکہ صنعتی ترقی میں اضافہ ہو اور لاکھوں مزدوروں کے روزگار کا بندوبست ہو جائے۔

یہ امید کی جاتی ہے کہ گورنمنٹ کی مسلسل خوش آئند پالیسیوں کی وجہ اور انتظامیہ کی ان تھک کاوشوں کی وجہ سے آپ کی کمپنی مستقبل میں تمام شعبوں میں خوشحالی کی تمام منازل طے کر لے گی، مزید کے انتظامیہ یہ توقع کرتی ہے کہ نئے کاروبار کی بڑھوتری اور موثر پیداواری لاگت کی وجہ سے بین الاقوامی منڈیوں میں مقابلہ کرے گی۔

کمپنی کی شرح منافع اور پچھلے سالوں کی مسلسل ادائیگیوں کی روایت کی وجہ سے اس مالی سال میں بھی آپ کے ڈائریکٹرز نے عموی حصص کنندگان کیلئے 17.50 فیصد کیش ڈیویڈینڈ بحساب 1.75 روپے فی حصص کی سفارش کی ہے۔ اس سے حصص کنندگان کو سرمایہ کاری کرنے میں کافی حوصلہ افزائی ہوئی ہے۔

عموی حصص کے علاوہ کمپنی نے 600 ملین روپے لاگت کے 60 ملین ترجیحاتی حصص کاروباری اداروں کو کمپنی کی مالی ضروریات کو پورا کرنے کیلئے جاری کئے تھے جن کی عرصہ پختگی کے بعد کمپنی کے اختیارات کے مطابق حصص کی واپسی کا عمل جاری ہے۔ تاہم زیر غور مالی سال کے دوران 3,666,668 ترجیحاتی حصص کی ادائیگی ہوئی ہے۔ ترجیحاتی منافع باقی ماندہ 31,166,668 ترجیحاتی حصص کو 0.81 روپے فی حصص کی شرح سے دیا گیا ہے، جس کی بنیاد 6 ماہ کا اوسط KIBOR+200 bps سالانہ ہے۔

نئے جاری کردہ کمپنی ایکٹ 2017 کے سیکشن 242 اور سیکیورٹی ایکسچینج کمیشن آف پاکستان کی ہدایت کے مطابق نقد ڈیویڈینڈ الیکٹرونک طریقہ کار کے مطابق براہ راست حصص کنندگان کے بینک کھاتے میں جمع کرایا جائے گا اس طرح حصص کنندگان کو یہ ہدایت کی جاتی ہے کہ وہ فوراً اپنا بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) بشمول اکاؤنٹ کا نام، بینک کا نام، برانچ کا نام اور بینک کا ایڈریس کمپنی کو مہیا کرے تاکہ نقد ڈیویڈینڈ ان کے بینک اکاؤنٹ میں براہ راست جمع کرایا جائے۔

نئے کمپنی ایکٹ 2017 کے سیکشن 244 اور سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایات کے مطابق آپ کی کمپنی نے پچھلے تین سالوں سے زیادہ غیر دعویٰ شدہ نقد ڈیوڈینڈ اور فزیکل عمومی حصص کی تعداد سے SECP کو آگاہ کر دیا ہے۔ تاہم ہر حصص کنندگان کو ان کے پتہ پر رجسٹرڈ خطوط کے ذریعے نوٹس بھجوائے جا چکے ہیں تاکہ ان کے غیر دعویٰ شدہ ڈیوڈینڈ اور حصص کی ادائیگی کر دی جائے۔ یہ حصص کنندگان کو غیر دعویٰ شدہ ڈیوڈینڈ اور فزیکل عمومی حصص کیلئے 90 دن کا وقت دیا جائے گا۔
آخر کار دعویٰ شدگان کو تلاش کرنے کیلئے مزید 90 کا اخبار میں اشتہار دیا جائے گا۔ اس عمل کے بعد کمپنی غیر دعویٰ شدہ فزیکل حصص اور نقد ڈیوڈینڈ وفاقی حکومت کو جمع کروادے گی۔

زیر غور مالی سال کے دوران آپ کے ڈائریکٹرز نے موجودہ عمومی حصص کو 12.5 فیصد رائٹ حصص جاری کر کے کمپنی کے شیئر کیپٹل میں اضافہ کیا۔ اس طریقہ کار سے کمپنی نے 7.50 ملین رائٹ حصص بحساب 140 روپے فی حصص بشمول پریمیم 130 روپے فی حصص اس عمل کو کامیابی سے مکمل کیا۔ حصص کنندگان کی اکثریت نے کمپنی کی انتظامیہ پر بھرپور بھروسہ اور اعتماد کرتے ہوئے کمپنی کی مزید سرمایہ کاری کو سراہا۔ اس طرح کمپنی کا اداشدہ سرمایہ ازاں عمومی حصص 600 ملین روپے سے بڑھ کر 675 ملین روپے ہوگیا ہے۔ نتیجتاً رائٹ شیئرز کی مد میں آنے والی رقم 1050 ملین روپے کو کمپنی کی بیلنس شیٹ کی تشکیل نو کیلئے استعمال کی گئی۔ اس طرح اس رقم کو کمپنی کے قلیل مدت قرضوں کی ادائیگی اور "BMR" کے ذریعے کمپنی کے اثاثوں اور کمپنی کے مستقل ورکنگ کیپٹل میں استعمال کیا گیا۔

کارپوریٹ گورننس 2012 کی شرائط کے مطابق کمپنی کے ڈائریکٹرز اس بات سے خوش ہیں کہ کمپنی کی انتظامیہ کے تیار کردہ مالی گوشوارے کمپنی کے معاملات، آپریشنز کے نتائج، کیش فلوز اور حصص کنندگان کے چینج اِن ایکوٹی کو صحیح طریقے سے پیش کرتی ہے۔ مناسب بکس آف اکاؤنٹس تیار کی گئی ہیں۔

مالی گوشوارں کی تیاری میں مناسب مستقل اکاؤنٹنگ حکمت عملی استعمال کی گئی ہے۔ مالی گوشواروں کی تیاری میں پاکستان میں اطلاق شدہ بین الاقوامی مالیاتی رپورٹنگ کے معیار کو برقرار رکھا گیا ہے اور اس میں کسی بھی انحراف کو مناسب طور پر افشاء اور بیان کیا گیا ہے۔ ڈائریکٹرز مزید بیان کرتے ہیں کہ اندرونی کنٹرول کا نظام بھی ٹھیک ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور یہ کہ کمپنی کے جاری رہنے کی صلاحیت پر کوئی اہم شکوک نہیں ہیں۔

ڈائریکٹرز کی پانچ میٹنگز مالی سال کے دوران منعقد ہوئیں جن مندرجہ ذیل حاضری رہی:

نمبر شمار	ڈائریکٹر کا نام	حاضری کی تعداد
1	جناب نصیر احمد شاہ	5
2	جناب شاہد نذیر احمد	5
3	جناب مطلوب حسین	5
4	جناب فضل احمد	5
5	جناب شعیب احمد خان (منتخب NIT)	2
6	مس چن یان (منتخب شنگھائی چیلنج ٹیکسٹائل کمپنی لمیٹڈ)	2
7	جناب شیاہن یانگ (منتخب شنگھائی چیلنج ٹیکسٹائل کمپنی لمیٹڈ)	1

اسی طرح پانچ آڈٹ کمیٹی کے اجلاس مالی سال کے دوران منعقد ہوئے جن میں مندرجہ ذیل ارکان نے حصہ لیا

نمبر شمار	ڈائریکٹر کا نام	حاضری کی تعداد
1	جناب فضل احمد	5
2	جناب شاہد نذیر احمد	3
3	جناب نصیر احمد شاہ	1
4	جناب مطلوب حسین	5

میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ ریٹائرڈ ہوئے اور اپنی دوبارہ تقرری کیلئے اپنی اہلیت کو پیش کیا۔ کمپنی میں اگلے مالی سال مختتمہ 30 جون 2018 میں آڈیٹر کی تقرری کیلئے آڈٹ کمیٹی کے مشورے کے مطابق، کمپنی کے بورڈ آف ڈائریکٹر نے دوبارہ تقرری کی سفارش کی ہے۔ سٹیٹمنٹ آف کمپلائنس آف کارپوریٹ گورننس لف ہے۔ ڈائریکٹرز رپورٹ کے ساتھ ہم پچھلے 6 سال کے مالیاتی اعداد و شمار کا جائزہ لگا رہے ہیں۔ ہم 30 جون 2017 کے متعلقہ اضافی معلومات کے ساتھ ساتھ فارم 34 بھی لف کر رہے ہیں جس میں حصص کنندگان کی ترتیب درج ہے۔ مزید برآں کمپنی کے ڈائریکٹرز نے چیئرمین جائزہ رپورٹ مواد کی حمایت کی ہے جس میں ٹیکسٹائل انڈسٹری کا مجموعی جائزہ بھی شامل ہے۔

ہماری خواہش ہے کہ چائنیز پارٹنر کے اشتراک سے ہمارا خوشحالی کا سفر مستقبل میں ہونے والے منافع میں اضافے کے ساتھ جاری رہے۔ ہم اپنے کمپنی کے ملازمین کی مستقل کاوشوں اور محنت پر اظہار مسرت کرتے ہیں اور اپنے گاہکوں، سپلائرز، بینکرز، ایڈوائزر اور حصص کنندگان کی مسلسل حمایت پر تہہ دل سے مشکور ہیں۔

فیصل آباد 6 اکتوبر 2017 | چیف ایگزیکٹو آفیسر | ڈائریکٹر

SIX YEARS FINANCIAL RESULTS

(RUPEES IN THOUSAND)

	2017	2016	2015	2014	2013	2012
REVENUE	23,393,876	23,183,485	26,702,735	24,371,128	22,744,589	19,274,793
COST OF SALES	(20,008,592)	(19,971,238)	(22,988,317)	(20,435,316)	(18,838,816)	(16,052,482)
GROSS PROFIT	3,385,284	3,212,247	3,714,418	3,935,812	3,905,773	3,222,311
DISTRIBUTION COST	(1,478,067)	(1,396,012)	(1,472,973)	(1,159,311)	(1,270,852)	(910,442)
ADMINISTRATIVE EXPENSES	(480,722)	(472,516)	(477,492)	(443,232)	(385,512)	(310,523)
OTHER EXPENSES	(10,675)	(48,644)	(54,498)	(61,996)	(59,613)	(65,641)
	(1,969,464)	(1,917,172)	(2,004,963)	(1,664,539)	(1,715,977)	(1,286,606)
	1,415,820	1,295,075	1,709,455	2,271,273	2,189,796	1,935,705
OTHER INCOME	218,041	341,212	325,588	45,327	45,486	62,863
	1,633,861	1,636,287	2,035,043	2,316,600	2,235,282	1,998,568
FINANCE COST	(640,673)	(718,568)	(1,002,893)	(1,142,456)	(1,105,926)	(999,338)
SHARE OF LOSS FROM ASSOCIATE	-	-	-	-	(160)	-
PROFIT BEFORE TAXATION	993,188	917,719	1,032,150	1,174,144	1,129,196	999,230

VISION STATEMENT

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

MISSION STATEMENT

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2017

This statement is being prescribed to comply with the Code of Corporate Governance contained in Regulation Number 5.19.24 of Rule Book of Pakistan Stock Exchange Limited, 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.

Category	**Names**
Independent Director :	Mr. Shoaib Ahmad Khan
Executive Director :	Mr. Shahid Nazir Ahmad
Non-Executive Directors :	Mr. Naseer Ahmad Shah, Mr. Matloob Hussain Mr. Fazal Ahmad, Miss Chen Yan, Mr. Shibin Yang

The independent Director meets the criteria of independence under Regulation number 5.19.1(b) of CCG, contained in Rule Book of Pakistan Stock Exchange Limited.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy was occurred on the Board during the financial year under review.

5. The Company has prepared a 'Code of Conduct' to ensure that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, were taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written Notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged several training programmes for its Directors during the previous financial years, to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company.

10. The Board has already approved appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three non-executive Directors, including the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company, as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members, including the Chairman of the Committee, of whom two members are non-executive directors and another executive director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company' securities, was determined and intimated to the directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with, except those towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Faisalabad
06th October, 2017 **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of MASOOD TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2017 to comply with the requirements of Clause 5.19.24 (b) of the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017

As stated in paragraph No. 15 of the Statement of Compliance, composition of Audit Committee is not as per the requirements of Rule 5.19.16(a) of the Regulations of Pakistan Stock Exchange Limited as no independent director is included in the Audit Committee.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of Engagement Partner:
Mubashar Mehmood

Date: 06 October, 2017
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MASOOD TEXTILE MILLS LIMITED ("the Company") as at 30 June 2017 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 repealed 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 repealed 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 repealed 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 repealed 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 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of Engagement Partner:
Mubashar Mehmood

Date: 06 October, 2017
FAISALABAD

BALANCE SHEET AS

	NOTE	2017	2016
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
125 000 000 (2016: 125 000 000) ordinary shares of Rupees 10 each		1,250,000	1,250,000
60 000 000 (2016: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		1,850,000	1,850,000
Issued, subscribed and paid up share capital	3	986,666	948,333
Reserves	4	7,460,699	5,875,555
Total equity		8,447,365	6,823,888
Surplus on revaluation of freehold land	5	900,234	900,234
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	5,119,282	1,105,335
Liabilities against assets subject to finance lease	7	22,657	52,468
Deferred liability for gratuity	8	609,886	566,816
		5,751,825	1,724,619
CURRENT LIABILITIES			
Trade and other payables	9	1,971,985	2,156,675
Accrued mark-up	10	126,698	91,040
Short term borrowings	11	8,907,948	10,056,494
Current portion of non-current liabilities	12	686,368	788,853
Provision for taxation		106,187	188,501
		11,799,186	13,281,563
TOTAL LIABILITIES		17,551,011	15,006,182
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		26,898,610	22,730,304

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

AT 30 JUNE 2017

	NOTE	2017	2016
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	8,377,317	6,713,395
Long term advances	15	8,149	289
Long term security deposits		47,387	45,802
		8,432,853	6,759,486
CURRENT ASSETS			
Stores, spare parts and loose tools	16	1,312,255	956,585
Stock in trade	17	6,916,511	5,277,633
Trade debts	18	5,618,714	6,067,959
Loans and advances	19	354,523	303,928
Short term deposits and prepayments	20	688,858	576,012
Other receivables	21	2,672,080	1,562,048
Cash and bank balances	22	902,816	1,226,653
		18,465,757	15,970,818
TOTAL ASSETS		26,898,610	22,730,304

CHIEF FINANCIAL OFFICER

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017	2016
		(RUPEES IN THOUSAND)	
REVENUE	23	23,393,876	23,183,485
COST OF SALES	24	(20,008,592)	(19,971,238)
GROSS PROFIT		3,385,284	3,212,247
DISTRIBUTION COST	25	(1,478,067)	(1,396,012)
ADMINISTRATIVE EXPENSES	26	(480,722)	(472,516)
OTHER EXPENSES	27	(10,675)	(48,644)
OTHER INCOME	28	218,041	341,212
FINANCE COST	29	(640,673)	(718,568)
PROFIT BEFORE TAXATION		993,188	917,719
TAXATION	30	(106,187)	(188,501)
PROFIT AFTER TAXATION		887,001	729,218
EARNINGS PER SHARE - BASIC (RUPEES)	31	12.76	11.64
- DILUTED (RUPEES)	31	12.16	11.14

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

CHIEF EXECUTIVE OFFICER **DIRECTOR** **CHIEF FINANCIAL OFFICER**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	887,001	729,218
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements arising on defined benefit obligation	17,798	(58,426)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year	17,798	(58,426)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	904,799	670,792

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017	2016
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	(606,581)	2,679,328
Finance cost paid		(605,016)	(783,175)
Income tax paid		(286,200)	(294,468)
Dividend paid to ordinary shareholders		(263,349)	(260,363)
Dividend paid to preference shareholders		(30,655)	(41,496)
Gratuity paid		(110,645)	(94,910)
Net decrease in long term advances		(7,860)	424
Net decrease in long term security deposits		(1,585)	4,381
Net cash (used in) / generated from operating activities		(1,911,891)	1,209,721
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		63,710	16,418
Capital expenditure on property, plant and equipment		(2,222,094)	(331,818)
Net cash used in investing activities		(2,158,384)	(315,400)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		4,714,588	1,307,772
Repayment of long term financing		(791,753)	(1,109,984)
Repayment of preference shares		(36,667)	-
Proceeds from issue of right shares		1,050,000	-
Repayment of liabilities against assets subject to finance lease		(41,184)	(45,099)
Short term borrowings - net		(1,148,546)	(987,936)
Net cash from / (used in) from financing activities		3,746,438	(835,247)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(323,837)	59,074
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,226,653	1,167,579
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 22)		902,816	1,226,653

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

CHIEF EXECUTIVE OFFICER   DIRECTOR   CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	SHARE CAPITAL	RESERVES							TOTAL EQUITY
		CAPITAL			REVENUE			TOTAL	
		Share Premium	Redemption Fund	Sub Total	General	Unappropriated Profit	Sub Total		
	(RUPEES IN THOUSAND)								
Balance as at 30 June 2015	948,333	400,000	128,333	528,333	714,500	4,264,426	4,978,926	5,507,259	6,455,592
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 for the year	-	-	-	-	-	729,218	729,218	729,218	729,218
Other comprehensive loss for the year	-	-	-	-	-	(58,426)	(58,426)	(58,426)	(58,426)
Total comprehensive income for the year	-	-	-	-	-	670,792	670,792	670,792	670,792
Balance as at 30 June 2016	948,333	400,000	128,333	528,333	714,500	4,632,722	5,347,222	5,875,555	6,823,888
Transactions with owners:									
Preference shares repaid	(36,667)	-	-	-	-	-	-	-	(36,667)
Transferred from capital redemption reserve fund	-	-	(36,667)	(36,667)	-	36,667	36,667	-	-
Transferred to capital redemption reserve fund	-	-	36,667	36,667	-	(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)
Issue of 12.50 % right shares at premium of Rupees 130 per share	75,000	975,000	-	975,000	-	-	-	975,000	1,050,000
Profit for the year	-	-	-	-	-	887,001	887,001	887,001	887,001
Other comprehensive income for the year	-	-	-	-	-	17,798	17,798	17,798	17,798
Total comprehensive income for the year	-	-	-	-	-	904,799	904,799	904,799	904,799
Balance as at 30 June 2017	986,666	1,375,000	128,333	1,503,333	714,500	5,242,866	5,957,366	7,460,699	8,447,365

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

CHIEF EXECUTIVE OFFICER **DIRECTOR** **CHIEF FINANCIAL OFFICER**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. THE COMPANY AND ITS OPERATIONS

Masood Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (Now Companies Act, 2017) 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. 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 and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. Securities and Exchange Commission of Pakistan (SECP) vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

b) Accounting Convention

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

- Deferred liability for gratuity which is recognized on the basis of actuarial valuation at present value (Note 8).
- Freehold land grouped in operating fixed assets which is carried at fair value (Note 14.1).

c) Critical accounting estimates and judgments

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

Deferred liability for gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 8 to the financial statements for determination of present value of gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses 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.

Inventories

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

Provision for doubtful debts / receivables

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

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

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

IAS 19 (Amendments) 'Employee Benefits' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

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

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2016 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, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 or later periods:

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

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services'. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments) 'Income Tax' (effective for annual periods beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not likely to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2017 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 an unfunded gratuity scheme for its permanent employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under this scheme is determined through actuarial valuation carried under Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2017.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.3 Foreign currencies

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, while the transactions in foreign currencies 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. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.5 Property, plant, equipment and depreciation

a) Owned

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land which is stated at cost / revalued amount 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,revalued amount, borrowing cost pertaining to erection / construction period as referred in Note 2.7 and directly attributable cost of bringing the assets to working condition.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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 benefits 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.

b) Leased – Finance Lease

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

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

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

Gain on sale and lease back of operating fixed assets is deferred and amortized over the lease term and loss on sale and lease back of operating fixed assets is recognized in profit and loss account.

c) Leased – Operating lease

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

d) Depreciation

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

e) De-recognition

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

2.6 Inventories

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

Stores, spare parts and loose tools

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

Stock in trade

Cost of raw materials, 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 overheads.

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

2.8 Provisions

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

2.9 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Impairment losses are recognized in profit and loss account except for the property, plant and equipment stated under revaluation model in which case it is adjusted against the revaluation surplus. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account except for the property, plant and equipment stated under revaluation model in which case it is adjusted against the revaluation surplus.

2.10 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on delivery of goods to customers. Related Government grant is recognized when there is reasonable assurance that the Company will comply with the conditions attached to it and grant will be received.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.11 Share capital

Ordinary and preference shares are classified as equity.

2.12 Financial instruments

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

Financial assets are de-recognized 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 or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.13 Trade and other receivables

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

2.14 Borrowings

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

2.15 Trade and other payables

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

2.16 Offsetting

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

2.17 Cash and cash equivalents

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

2.18 Dividend and transfer of reserves

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

2.19 Segment reporting

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

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

Transactions 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

2017	2016		2017	2016
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
67 500 000	60 000 000	Ordinary shares of Rupees 10 each fully paid in cash	675,000	600,000
31 166 668	34 833 334	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 3.1 & 3.2)	311,666	348,333
98 666 668	94 833 334		986,666	948,333

3.1 Movement during the year

a) **Ordinary shares**

60 000 000	60 000 000	As at 01 July	600,000	600,000
7 500 000	-	Ordinary shares of Rupees 10 each issued during the year as fully paid right shares	75,000	-
67 500 000	60 000 000		675,000	600,000

b) **Preference shares**

34 833 334	34 833 334	As at 01 July	348,333	348,333
3 666 666	-	Cumulative preference shares (non-voting) of Rupees 10 each repaid during the year	36,667	-
31 166 668	34 833 334		311,666	348,333

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

Terms of redemption

a) Conversion option

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

b) Call option

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

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.

3.3 17 396 833 ordinary shares (2016: 14 621 274) of the Company are held by Shanghai Challenge Textile Company Limited - associated company.

	2017	2016
	(RUPEES IN THOUSAND)	
4. RESERVES		
Composition of reserves is as follows:		
Capital		
Share premium (Note 4.1)	1,375,000	400,000
Capital redemption reserve fund (Note 4.2)	128,333	128,333
	1,503,333	528,333
Revenue		
General	714,500	714,500
Unappropriated profit	5,242,866	4,632,722
	5,957,366	5,347,222
	7,460,699	5,875,555

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

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

	2017	2016
5. SURPLUS ON REVALUATION OF FREEHOLD LAND		
Opening balance	900,234	606,233
Add : Surplus on revaluation	-	294,001
	900,234	900,234
6. LONG TERM FINANCING		
From banking companies - secured		
Long term loans (Note 6.1)	5,776,320	1,853,485
Less: Current portion shown under current liabilities (Note 12)	657,038	748,150
	5,119,282	1,105,335

6.1 Long term loans

LENDER	2017	2016	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	(RUPEES IN THOUSAND)					
6.1.1 Medium Term Loan / Demand Finances / Long Term Finances for Export Oriented Projects:						
MCB Bank Limited (formerly NIB Bank Limited)	358,663	465,674	3 Months KIBOR+1.50%	Twenty quarterly installments starting from 31 March 2016 and ending on 01 January 2021	Quarterly	First charge on specific machinery
MCB Bank Limited (formerly NIB Bank Limited)	2,159	-	3 Months KIBOR+1.50%	Twenty quarterly installments starting from 27 Feb-2017 and ending on 01 January 2022	Quarterly	First charge on specific machinery
United Bank Limited	4,006	-	3 Months KIBOR+2.00%	Sixteen quarterly installments starting from 22 Dec-2017 and ending on 22 Sep-2021	Quarterly	First charge on specific machinery
National Bank of Pakistan	560,448	-	3 Months KIBOR+1.50%	Twenty quarterly installments starting from 28 March 2018 and ending on 28 Dec-2022	Quarterly	First charge on specific machinery
National Bank of Pakistan	2,500,000	-	3 Months KIBOR+1.00%	Twenty quarterly installments starting from 22 Sep-2018 and ending on 22 June 2023	Quarterly	First joint pari passu charge over fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company
Standard Chartered Bank Pakistan Limited	1,000,000	-	6 Months KIBOR+1.25%	Ten equal semi annual installments starting from 31 July 2017 and ending on 31 Jan-2022	Semi Annually	Joint pari passu charge over fixed assets of the Company
Askari Bank Limited	708	-	3 Months KIBOR+1.50%	Sixteen quarterly installments starting from 3 July 2018 and ending on 3 April 2022	Quarterly	First charge on specific machinery
Samba Bank Limited	562,500	750,000	6 Months KIBOR+1.50%	Sixteen quarterly installments starting from 30 Sep-2016 and ending on 30 June 2020	Quarterly	Pari passu charge on fixed assets
United Bank Limited	116,029	132,605	5.00%	Sixteen quarterly installments starting from 22 February 2017 and ending on 22 Nov-2020	Quarterly	First charge on specific machinery
United Bank Limited	32,118	-	5.00%	Sixteen quarterly installments starting from 31 December 2017 and ending on 30 Sep-2021	Quarterly	First charge on specific machinery
MCB Bank Limited (formerly NIB Bank Limited)	8,104	10,131	5.00%	Twenty quarterly installments starting from 12 July 2016 and ending on 12 April 2021	Quarterly	First charge on specific machinery
MCB Bank Limited (formerly NIB Bank Limited)	3,252	4,065	5.00%	Twenty quarterly installments starting from 04 August 2016 and ending on 04 May 2021	Quarterly	First charge on specific machinery
MCB Bank Limited (formerly NIB Bank Limited)	1,157	1,446	5.00%	Twenty quarterly installments starting from 22 August 2016 and ending on 22 May 2021	Quarterly	First charge on specific machinery
MCB Bank Limited (formerly NIB Bank Limited)	52,503	-	5.00%	Twenty quarterly installments starting from 06 March 2017 and ending on 06 Dec-2021	Quarterly	First charge on specific machinery
MCB Bank Limited (formerly NIB Bank Limited)	41,757	-	5.00%	Twenty quarterly installments starting from 27 March 2017 and ending on 21 Dec-2021	Quarterly	First charge on specific machinery
MCB Bank Limited (formerly NIB Bank Limited)	65,105	-	5.00%	Nineteen quarterly installments starting from 30 June 2017 and ending on 30 Dec-2021	Quarterly	First charge on specific machinery
The Bank of Punjab	4,150	4,150	5.00%	Twenty quarterly installments starting from 12 July 2017 and ending on 12 April 2022	Quarterly	First charge on specific machinery
The Bank of Punjab	4,311	4,311	5.00%	Twenty quarterly installments starting from 05 August 2017 and ending on 05 May 2022	Quarterly	First charge on specific machinery
The Bank of Punjab	4,778	4,778	5.00%	Twenty quarterly installments starting from 11 August 2017 and ending on 11 May 2022	Quarterly	First charge on specific machinery
The Bank of Punjab	9,847	9,847	5.00%	Twenty quarterly installments starting from 11 August 2017 and ending on 11 May 2022	Quarterly	First charge on specific machinery
The Bank of Punjab	3,145	3,145	5.00%	Twenty quarterly installments starting from 08 Sep-2017 and ending on 08 June 2022	Quarterly	First charge on specific machinery
The Bank of Punjab	1,591	-	5.00%	Twenty quarterly installments starting from 31 January 2018 and ending on 31 Oct-2022	Quarterly	First charge on specific machinery
The Bank of Punjab	2,384	-	5.00%	Twenty quarterly installments starting from 06 February 2018 and ending on 06 Nov-2022	Quarterly	First charge on specific machinery
The Bank of Punjab	2,883	-	5.00%	Twenty quarterly installments starting from 06 February 2018 and ending on 05 Nov-2022	Quarterly	First charge on specific machinery
The Bank of Punjab	16,079	-	5.00%	Twenty quarterly installments starting from 16 February 2018 and ending on 16 Nov-2022	Quarterly	First charge on specific machinery

LENDER	2017	2016	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
	(RUPEES IN THOUSAND)					
The Bank of Punjab	6,248	-	5.00%	Twenty quarterly installments starting from 05 March 2018 and ending on 05 Dec-2022	Quarterly	First charge on specific machinery
The Bank of Punjab	38,851	-	5.00%	Twenty quarterly installments starting from 14 March 2018 and ending on 14 Dec-2022	Quarterly	First charge on specific machinery
The Bank of Punjab	34,607	-	5.00%	Twenty quarterly installments starting from 29 April 2018 and ending on 29 January 2023	Quarterly	First charge on specific machinery
The Bank of Punjab	84,637	-	5.00%	Twenty quarterly installments starting from 27 May 2018 and ending on 27 February 2023	Quarterly	First charge on specific machinery
Askari Bank Limited	25,848	-	5.00%	Sixteen quarterly installments starting from 01 October 2017 and ending on 01 July 2021	Quarterly	First charge on specific machinery
Askari Bank Limited	18,302	-	5.00%	Sixteen quarterly installments starting from 04 December 2017 and ending on 04 Sep-2021	Quarterly	First charge on specific machinery
Askari Bank Limited	15,235	-	5.00%	Sixteen quarterly installments starting from 01 January 2018 and ending on 01 Nov-2021	Quarterly	First charge on specific machinery
Askari Bank Limited	33,394	-	5.00%	Sixteen quarterly installments starting from 01 February 2018 and ending on 01 Nov-2021	Quarterly	First charge on specific machinery
Askari Bank Limited	104,947	-	5.00%	Sixteen quarterly installments starting from 10 April 2018 and ending on 10 Jan-2022	Quarterly	First charge on specific machinery
Askari Bank Limited	22,675	-	5.00%	Sixteen quarterly installments starting from 18 August 2018 and ending on 18 May 2022	Quarterly	First charge on specific machinery
Askari Bank Limited	28,811	-	5.00%	Sixteen quarterly installments starting from 15 September 2018 and ending on 15 June 2022	Quarterly	First charge on specific machinery
Askari Bank Limited	5,088	-	5.00%	Sixteen quarterly installments starting from 20 Sept-2018 and ending on 20 June 2022	Quarterly	First charge on specific machinery
	5,776,320	1,390,152				

6.1.2 Syndicate Term Finance - II:

LENDER	2017	2016	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	SECURITY
Allied Bank Limited	-	51,358	3 Months KIBOR+1.50%	This facility was completely repaid on 05 May 2017	Quarterly	Acquired by the Company against permanent working capital requirements and is secured by way of first pari passu charge over all present and future movable fixed assets of the Company and mortgage over immovable fixed assets of the Company and personal guarantee of the Chief Executive Officer.
Bank Alfalah Limited	-	38,518				
The Bank of Punjab	-	44,938				
Dubai Islamic Bank • Pakistan Limited	-	51,852				
Habib Bank Limited	-	25,679				
National Bank of Pakistan	-	64,198				
Pakistan Kuwait Investment Company (Private) Limited	-	32,099				
• Standard Chartered Modaraba	-	18,148				
• Standard Chartered Bank (Pakistan) Limited	-	46,667				
Summit Bank Limited	-	25,679				
United Bank Limited	-	64,197				
	-	463,333				
	5,776,320	1,853,485				

• This syndicate term finance is a musharika agreement between the bank / modaraba and the Company.

		2017	2016
		(RUPEES IN THOUSAND)	
7.	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**		
	Future rentals and year during which they fall due are as under:		
	2017	-	45,432
	2018	31,470	32,009
	2019	16,190	16,226
	2020	7,450	7,461
		55,110	101,128
	Less: Financial charges	3,123	7,957
	Present value of minimum lease rental payments	51,987	93,171
	Less: Current portion shown under current liabilities (Note 12)	29,330	40,703
		22,657	52,468

7.1 The value of minimum lease payments has been discounted using implicit interest rate of 7.47 percent to 8.12 percent (2016: 7.85 percent to 13.93 percent) per annum. Balance rentals are payable in monthly / quarterly and 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 5.305 million (2016: Rupees 13.267 million) included in long term security deposits and Rupees 6.858 million (2016: Rupees 2.672 million) included in short term deposits and prepayments.

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

	2017		2016	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	----------(RUPEES IN THOUSAND)----------			
Future minimum lease payments	31,470	23,640	45,432	55,696
Less: Unamortized finance charge	2,139	984	4,729	3,228
Present value of future minimum lease payments	29,331	22,656	40,703	52,468

		2017	2016
		(RUPEES IN THOUSAND)	
8.	**DEFERRED LIABILITY FOR GRATUITY**		
	Opening balance	566,816	431,923
	Add:		
	Provision for the year (Note 8.1)	172,337	164,606
	Remeasurements recognized in other comprehensive income (Note 8.2)	(17,798)	58,426
	Decrease in current liability - net	-	6,771
	Closing Balance	721,355	661,726
	Less:		
	Payments made during the year	(110,645)	(94,910)
	Increase in current liability - net	(824)	-
		(111,469)	(94,910)
		609,886	566,816

	2017	2016
	(RUPEES IN THOUSAND)	

8.1 Provision for the year

	2017	2016
Current service cost	135,284	123,882
Interest cost	37,053	40,724
	172,337	164,606

8.2 Remeasurements recognized in other comprehensive income

	2017	2016
Actuarial loss from changes in demographics assumptions	-	23,415
Actuarial (gain)/ loss from changes in financial assumptions	(714)	4,186
Experience adjustment	(17,084)	30,825
	(17,798)	58,426

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

	2017	2016
Present value of defined benefit obligations as at 01 July	566,816	431,923
Current service cost	135,284	123,882
Interest cost	37,053	40,724
Benefits paid during the year	(110,645)	(94,910)
(Increase)/ decrease in current liability - net	(824)	6,771
Remeasurements:		
Actuarial loss from changes in demographics assumptions	-	23,415
Actuarial (gain)/ loss from changes in financial assumptions	(714)	4,186
Experience adjustment	(17,084)	30,825
	(17,798)	58,426
Present value of defined benefit obligations as at 30 June	609,886	566,816

8.4 Principal actuarial assumptions used

	2017	2016
Discount rate for interest cost in profit and loss charge (per annum)	7.25%	10.50%
Discount rate for year end obligation (per annum)	7.75%	7.25%
Expected rate of increase in salary (per annum)	6.75%	6.25%
Average duration of the benefit (years)	8	8
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

8.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligations as at reporting date to changes in the weighted principal assumption is:

	2017	2016
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(43,278)	(41,178)
Decrease in assumption (Rupees in thousand)	50,418	48,072
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	48,489	46,276
Decrease in assumption (Rupees in thousand)	(42,237)	(40,231)

8.6 Amounts for the current and previous four years:

	2017	2016	2015	2014	2013
	(RUPEES IN THOUSAND)				
Present value of defined benefit obligations	609,886	566,816	431,923	426,889	344,074
Remeasurement arising on defined benefit obligation	(17,798)	58,426	(19,014)	(332)	18,659

The senstivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be corelated. When calculated the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the senstivity analysis did not change compared to the previous year except for certain changes as given in note 8.3

8.7 The estimated expenses to be charged to profit and loss account for the year ending on 30 June 2018 is Rupees 209.010 million.

	2017	2016
	(RUPEES IN THOUSAND)	
9. TRADE AND OTHER PAYABLES		
Creditors	1,143,581	1,431,699
Advances from customers	28,498	43,588
Accrued liabilities	754,077	582,253
Income tax deducted at source	6,016	16,431
Sales tax deducted at source	18,705	24,278
Workers' profit participation fund (Note 9.1)	10,675	48,644
Unclaimed dividend	10,433	9,782
	1,971,985	2,156,675
9.1 Workers' Profit Participation Fund		
Balance as at 01 July	48,644	54,498
Add: Provision for the year (Note 27)	10,675	48,644
Interest for the year (Note 29)	5,831	6,511
	65,150	109,653
Less: Payments during the year	54,475	61,009
Balance as at 30 June	10,675	48,644

9.1.1 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.

	2017	2016
10. ACCRUED MARK-UP		
Long term financing	71,313	19,821
Liabilities against assets subject to finance lease	413	643
Short term borrowings	54,972	70,576
	126,698	91,040

11 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, first joint pari pasu charge over current assets of the Company, pledge and personal guarantee of directors. Mark-up is paid at the rate of 2.75% per annum to 8.63% per annum (2016: 3.50% per annum to 10.45% per annum). The sanctioned credit facilities are Rupees 12,945 million (2016: Rupees 12,885 million).

	2017	2016
	(RUPEES IN THOUSAND)	
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 6)	657,038	748,150
Liabilities against assets subject to finance lease (Note 7)	29,330	40,703
	686,368	788,853

13. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Guarantees of Rupees 107.045 million (2016: Rupees 75.021 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Total Parco Pakistan Limited against fuel cards.

ii) The Company has challenged, before Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the sales Tax Act 1990 whereby through amendment in the earlier SRO 1125(1)/ 2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. The Lahore High Court, Lahore has issued stay order in favour of the Company consequently, the Company has accounted for input sales tax amounting to Rupees 51.994 million (2016:Rupees Nil) paid on such items as receivable balance. The Company is confident on positive outcome of the appeal, on the advice of legal counsel.

b) Commitments

i) Contracts for capital expenditure are amounting to Rupees 508.558 million (2016: Rupees 231.548 million) and other than capital expenditure are of Rupees 208.687 million (2016: Rupees 124.025 million).

ii) Ijarah (operating lease) commitments - Company as lessee

The Company obtained vehicles under ijarah (operating lease) agreement. The lease terms are three to five years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.

The future aggregate minimum lease payments under ijarah (operating lease) are as follows:

	2017	2016
Not later than one year	24,236	26,345
Later than one year and not later than five years	36,062	51,750
	60,298	78,095

	2017	2016
14. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
-Owned (Note 14.1)	7,796,407	6,450,508
-Leased (Note 14.1)	108,022	137,474
Capital work-in-progress (Note 14.2)	472,888	125,413
	8,377,317	6,713,395

14.1 OPERATING FIXED ASSETS

	OWNED											LEASED		
	Freehold land	Buildings on freehold	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 30 June 2015														
Cost / revalued amount	1,183,015	1,678,431	5,496,064	438,370	83,561	20,585	180,319	4,322	235,617	188,569	9,490,893	127,460	99,691	227,151
Accumulated depreciation	-	(322,300)	(2,300,151)	(184,430)	(50,727)	(14,778)	(109,537)	(2,999)	(161,242)	(102,672)	(3,248,836)	(13,963)	(43,154)	(57,117)
Net book value	1,183,015	1,356,131	3,197,913	253,940	32,654	5,807	70,782	1,323	74,375	85,917	6,242,057	113,497	56,537	170,034
Year ended 30 June 2016														
Opening net book value	1,163,015	1,356,131	3,197,913	253,940	32,854	5,807	70,782	1,323	74,375	85,917	8,242,057	113,497	56,537	170,034
Effect of surplus on revaluation	294,001	-	-	-	-	-	-	-	-	-	294,001	-	-	-
Additions	5,217	57,281	230,457	19,868	10,101	835	15,875	6,066	23,552	7,791	377,043	-	-	-
Transfer:														
Cost	-	-	-	-	-	-	-	-	-	31,952	31,952	-	(31,952)	(31,952)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(19,977)	(19,977)	-	19,977	19,977
	-	-	-	-	-	-	-	-	-	11,975	11,975	-	(11,975)	(11,975)
Disposal:														
Cost	-	-	-	-	-	-	-	-	-	(11,451)	(11,451)	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	4,567	4,567	-	-	-
	-	-	-	-	-	-	-	-	-	(6,884)	(6,884)	-	-	-
Depreciation charge	-	(88,755)	(322,191)	(26,622)	(3,899)	(937)	(11,992)	(407)	(17,392)	(15,689)	(467,684)	(11,222)	(9,363)	(20,585)
Closing net book value	1,462,233	1,344,657	3,108,179	247,188	39,256	5,705	74,665	6,982	80,535	83,110	6,450,508	102,275	35,199	137,474
At 30 June 2016														
Cost / revalued amount	1,462,233	1,735,712	5,728,521	456,238	93,682	21,420	196,194	10,388	259,169	216,881	10,182,438	127,460	67,739	195,199
Accumulated depreciation	-	(391,055)	(2,622,342)	(211,052)	(54,426)	(15,715)	(121,529)	(3,406)	(178,634)	(133,771)	(3,731,930)	(25,185)	(32,540)	(57,725)
Net book value	1,462,233	1,344,657	3,106,179	247,186	39,256	5,705	74,665	6,982	60,535	83,110	6,450,508	102,275	35,199	137,474
Year ended 30 June 2016														
Opening net book value	1,462,233	1,344,657	3,106,179	247,186	39,256	5,705	74,665	8,982	80,535	83,110	6,450,508	102,275	35,199	137,474
Additions	-	176,430	1,489,892	121,078	7,035	547	24,425	147	25,223	29,842	1,874,619	-	-	-
Transfer:														
Cost	-	-	-	-	-	-	-	-	-	37,760	37,760	-	(37,760)	(37,760)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(23,989)	(23,989)	-	23,989	23,989
	-	-	-	-	-	-	-	-	-	13,771	13,771	-	(13,771)	(13,771)
Disposal:														
Cost	-	(9,518)	(10,265)	(5,288)	(1,450)	-	(19,644)	-	(3,404)	(41,593)	(91,162)	-	-	-
Accumulated depreciation	-	3,519	5,156	2,487	828	-	12,188	-	2,719	17,747	44,642	-	-	-
	-	(5,999)	(5,109)	(2,801)	(624)	-	(7,458)	-	(885)	(23,846)	(46,520)	-	-	-
Depreciation charge	-	(68,800)	(345,002)	(28,090)	(4,301)	(894)	(12,509)	(1,056)	(18,489)	(16,830)	(495,971)	(10,100)	(5,581)	(15,681)
Closing net book value	1,462,233	1,446,288	4,245,960	337,373	41,366	5,358	79,125	6,073	88,584	86,047	7,796,407	92,175	15,847	108,022
At 30 June 2017														
Cost / revalued amount	1,462,233	1,902,624	7,208,148	574,028	99,287	21,967	200,975	10,535	280,988	242,890	12,003,655	127,460	29,979	157,439
Accumulated depreciation	-	(458,336)	(2,962,186)	(238,655)	(57,901)	(16,809)	(121,650)	(4,462)	(194,404)	(156,843)	(4,207,248)	(35,285)	(14,132)	(49,417)
Net book value	1,462,233	1,446,268	4,245,960	337,373	41,366	5,358	79,125	6,073	86,584	86,047	7,796,407	92,175	15,847	108,022
Annual rate of depreciation (%)	-	5	10	10	10	15	15	15	20	20		10	20	

14.1.1 Freehold land of the Company was revalued as at 30 June 2016 by an independent valuer using market value method and stated in Note 14.1 at appreciated value. Previously, it was revalued by an independent valuer as at 28 June 2013, 30 June 2007 and 30 September 1995. Had there been no revaluation on that date, the value of freehold land would have been lower by Rupees 900.234 million (2016: Rupees 900.234 million). The book value of freehold land on cost basis is Rupeee 561.999 million (2016: Rupees 561.999 million).

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

	2017	2016
	(RUPEES IN THOUSAND)	
Owned:		
Cost of sales (Note 24)	446,193	421,267
Distribution cost (Note 25)	835	608
Administrative expenses (Note 26)	49,143	45,809
	495,971	467,684
Leased:		
Cost of sales (Note 24)	10,100	11,222
Distribution cost (Note 25)	2,090	3,506
Administrative expenses (Note 28)	3,491	5,857
	15,681	20,585
	511,652	488,269

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	---------RUPEES IN THOUSAND---------					
Buildings on free hold land						
finished godowns	9,518	3,519	5,999	4,301	Insurance Claim	Jubilee General Insurance Company Ltd.
Plant and machinery						
Yarn dyeing machinery	3,476	1,375	2,101	2,325	Insurance Claim	Jubilee General Insurance Company Ltd.
Knitting machinery	6,790	3,781	3,009	2,634	Insurance Claim	Jubilee General Insurance Company Ltd.
Electric and gas installations						
Electric lines and installation	5,288	2,487	2,801	2,067	Insurance Claim	Jubilee General Insurance Company Ltd.
Factory equipment						
Various factory equipment and fittings	1,450	826	624	562	Insurance Claim	Jubilee General Insurance Company Ltd.
Furniture and fixtures						
Various furniture and fixture installations	19,644	12,188	7,456	8,858	Insurance Claim	Jubilee General Insurance Company Ltd.
Computer equipment						
Various computers and equipment	3,191	2,592	599	1,238	Insurance Claim	Jubilee General Insurance Company Ltd.
Laptop	140	86	54	68	Negotiation	Mr. Ahmad Sohaib Qasmi, (Company's Employee)
Vehicles						
Diahatsu Cuore, FDA-10-1659	293	95	198	503	Company Policy	Mr. Kafeel Ahmad, (Company Employee)
Diahatsu Cuore, FDA-10-1466	275	87	188	494	Company Policy	Mr. Sajjad Majeed, (Company Employee)
Suzuki Cultus, FD-11-780	394	76	318	663	Company Policy	Mr. Sayed Zafar Haider, (Company Employee)
Toyota Corolla, FDA-11-287	814	203	611	882	Company Policy	Mr. Saeed Ahmad, (Company Employee)
Toyota Corolla, FD-10-328	607	192	415	990	Negotiation	Mian Abdul Bari, (Company Employee)
Toyota Corolla, FDA-09-2711	589	235	354	610	Negotiation	Mr. Muhammad Hamid Jan, Dhudiwala, Faisalabad.
Toyota Corolla, FDA-09-2712	539	198	341	568	Company Policy	Mr. Shabir Ahmad Abid, (Company Employee)
Suzuki Cultus,FDA-10-1633	356	123	233	609	Company Policy	Mr. Habib Ullah, (Company Employee)
Toyota Corolla, FDA-10-1678	581	194	387	665	Company Policy	Mr. Muhammad Arshad, (Company Employee)
Toyota Corolla, FDA-11-224	1,067	555	512	884	Negotiation	Mr. Muhammad Zaheer, Chak # 192, District, Faisalabad.
Suzuki Cultus, FD-10-305	360	113	247	596	Company Policy	Mr. Ishfaq Ahmad, (Company Employee)
Suzuki Cultus, FD-10-306	368	116	252	613	Company Policy	Mr. Muhammad Akhtar, (Company Employee)
Toyota Corolla, FDA-10-1398	519	179	340	563	Company Policy	Mr. Zamir Javed Qureshi, (Company Employee)
Diahatsu Cuore, FDA-10-1664	286	93	193	502	Company Policy	Mr. Mehboob Raza, (Company Employee)
Honda City, FDA-10-1503	508	171	337	415	Company Policy	Mr. Hussain Ahmad, (Company Employee)
Toyota Corolla, FDA-10-1396	519	179	340	498	Company Policy	Mr. Naseer Ahmad Shah, (Company Employee)
Suzuki Cultus, FDA-10-1629	366	130	235	582	Company Policy	Mr. Mobeen Nasir, (Company Employee)
Honda Civic, FDA-07-2623	858	597	261	490	Company Policy	Mr. Zafar Iqbal Ch., (Company Employee)
Diahatsu Cuore, FDA-10-1681	301	104	197	511	Company Policy	Mr. Asghar Ali, (Company Employee)
Suzuki Cultus, FDA-10-1526	896	652	244	621	Negotiation	Mr. Shabir Ahmad,Warburton Tehsil and District Nankana Sahib.
Toyota Corolla, FDA-10-1191	688	269	419	711	Negotiation	Mr. Nasir Ali Zia, (Company Employee)
Suzuki Cultus, LEA-08-5452	712	580	132	422	Company Policy	Mr. Muhammad Kamran Basharat, (Company Employee)
Toyota Land Cruiser, NX-001	9,581	5,938	3,643	3,600	Company Policy	Mr. Suleman Iqbal, (Company Employee)
Suzuki Mehran, FDA-10-1680	211	73	138	360	Company Policy	Mr. Nasir Mahmood, (Company Employee)

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	----------RUPEES IN THOUSAND-----------					
Toyota Corolla, FDA-11-869	231	104	127	430	Company Policy	Mr. Ahmad Sohaib Qasmi, (Company Employee)
Toyota Corolla,FDA-11-867	357	74	283	576	Company Policy	Mr. Tanveer Ahmad Siddiqui, (Company Employee)
Diahatsu Cuore, FDA-10-1622	305	113	192	510	Company Policy	Mr. Mukhtar Ahmad, (Company Employee)
Suzuki Cultus, FDA-10-1523	332	115	217	601	Company Policy	Mr. Nisar Ahmad, (Company Employee)
Honda City, FDA-11-883	214	96	118	456	Company Policy	Mr. Mudassar Hussain Shah, (Company Employee)
Toyota Corolla, FD-11-498	629	174	455	774	Company Policy	Mr. Gohar Aftab, (Company Employee)
Toyota Corolla, FD-11-251	603	175	428	719	Company Policy	Mr. Muhammad Nadeem Arshad, (Company Employee)
Suzuki Cultus, FDA-11-336	393	80	313	677	Company Policy	Mr. Sarfraz Khan Asim, (Company Employee)
Honda City, FDB-10-238	525	147	378	604	Company Policy	Mr. Amir Iqbal, (Company Employee)
Suzuki Cultus, FDA-10-1632	336	124	212	581	Company Policy	Mr. Imran Ahmad, (Company Employee)
Honda City, FDA-11-513	616	154	462	664	Company Policy	Mr. Muhammad Asif Zafar, (Company Employee)
Toyota Corolla, LEF-14-2777	1,612	117	1,495	1,837	Negotiation	Mr. Muhammad Muazzam Jawwad, Gulberg , Faisalabad.
Toyota Corolla, FDA-10-1457	564	221	343	647	Negotiation	Mr. Muhammad Shakeel Faridi,Gulberg,Faisalabad
BMW MS-577	2,910	295	2,615	3,200	Negotiation	Mr. Babar Riaz, Sadar Bazar, Lahore Cantt.
Suzuki Cultus, FD-11-603	358	96	262	624	Company Policy	Mr. Muhammad Irfan Khan, (Company Employee)
Diahatsu Cuore, FDA-10-1468	263	98	165	482	Company Policy	Mr. Aurangzeb, (Company Employee)
Suzuki Cultus, FDA-10-1504	337	133	204	581	Company Policy	Mr. Ammar Yasir, (Company Employee)
Toyota Corolla, FDA-11-774	1,000	338	662	856	Negotiation	Mr. Muhammad Arif, Chak No.226-RB, District Faisalabad.
Suzuki Cultus, FDA-10-1625	348	141	207	593	Negotiation	Ms. Mudassira Jabeen, Basti Tahli Wala, Muzafargarh.
Diahatsu Cuore, FDA-10-1462	263	99	164	482	Company Policy	Mr. Muhammad Abdullah, (Company Employee)
Toyota Corolla, FDA-11-289	768	272	496	788	Company Policy	Mr. Mr. Shahid Ali, (Company Employee)
Diahatsu Cuore, FSB-1476	522	417	105	459	Company Policy	Mr. Tayyab Nazir, (Company Employee)
Honda Civic, LZX-1031	402	282	120	750	Insurance Claim	Jubilee General Insurance Company Ltd.
Toyota Corolla, FD-12-179	763	214	549	840	Company Policy	Mr. Muhammad Rafiq, (Company Employee)
Toyota Corolla, FDA-10-1458	614	270	344	1,260	Insurance Claim	Takaful Pakistan Limited.
Suzuki Cultus, FD-11-782	374	101	273	643	Negotiation	Ms. Sadaf Amin,Taj Pura Housing Scheme, Lahore.
Suzuki Cultus, FD-12-154	383	46	337	679	Company Policy	Mr. Sohail Anwar, (Company Employee)
Toyota Corolla, FD-12-969	658	49	609	787	Company Policy	Mr. Salman Farrukh, (Company Employee)
Suzuki Cultus, FD-11-907	421	148	273	468	Company Policy	Mr. Muhammad Zubair Rafique Faisal (Company Employee)

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

	2017	2016
	(RUPEES IN THOUSAND)	
14.2 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	92,290	2,108
Plant and machinery	75,901	31,585
Advances against purchase of land	45,688	35,688
Advances against purchase of machinery	259,009	56,032
	472,888	125,413

14.3 Borrowing cost of Rupees 9.252 million (2016 : Rupees 0.258 million) was capitalized during the year using the capitalization rate of 5.00% to 7.62% (2016 : 5.00%) per annum.

15. LONG TERM ADVANCES

	2017	2016
Considered good - secured		
Executives (Note 15.1)	9,769	720
Other employees	596	141
	10,365	861
Less : Current portion shown under current assets (Note 19)	2,216	572
	8,149	289

15.1 Reconciliation of advances given to executives is given below:

	2017	2016
Balance as at 01 July	720	1,280
Add: Disbursements	10,090	-
	10,810	1,280
Less: Recovered	1,041	560
Balance as at 30 June	9,769	720

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 10.567 million (2016: Rupees 1.280 million).

15.2 These include the interest free advances given to company's executives and other employees recoverable in equal monthly installments and secured against the gratuity payable of these employees.

15.3 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.

16. STORES, SPARE PARTS AND LOOSE TOOLS

	2017	2016
Stores (Note 16.1)	836,249	673,521
Spare parts	474,318	281,883
Loose tools	1,688	1,181
	1,312,255	956,585

16.1 These include stores in transit of Rupees 80.918 million (2016: Rupees 42.061 million).

17. STOCK IN TRADE

	2017	2016
Raw materials (Note 17.1 and Note 17.2)	2,559,226	1,715,467
Work-in-process (Note 17.3)	1,471,451	1,408,214
Finished goods (Note 17.4)	2,885,834	2,153,952
	6,916,511	5,277,633

17.1 Raw materials include stock in transit of Rupees 47.144 million (2016: Rupees Nil)

17.2 These include stock of Rupees 86.682 million (2016: Rupees 157.114 million) sent to third parties for conversion.

17.3 These include stock of Rupees 95.358 million (2016: Rupees 31.055 million) sent to third parties for processing.

17.4 These include stock of Rupees 217.185 million (2016: Rupees Nil) sent to third parties for processing.

17.5 Stock in trade includes stocks amounting to Rupees 91.938 million (2016: Rupees 75.604 million) valued at net realizable value.

		2017	2016
		(RUPEES IN THOUSAND)	
18.	**TRADE DEBTS**		
	Considered good:		
	Secured (against letters of credit)	951,998	1,106,958
	Unsecured (Note 18.1)	4,666,716	4,961,001
		5,618,714	6,067,959
	Considered doubtful:		
	Others - unsecured	24,832	24,832
	Less: Provision for doubtful debts	24,832	24,832
		-	-
19.	**LOANS AND ADVANCES**		
	Considered good:		
	Employees - Interest free:		
	Against expenses	27,948	22,689
	Against salary	41,865	38,472
		69,813	61,161
	Current portion of long term advances (Note 15)	2,216	572
	Advances to suppliers	282,494	242,195
		354,523	303,928
20.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Letters of credit	5,462	1,282
	Prepayments	20,289	23,009
	Margin deposits	8,832	4,832
	Security deposits including current portion	29,806	20,119
	Income tax	624,469	526,770
		688,858	576,012
21.	**OTHER RECEIVABLES**		
	Considered good:		
	Sales tax refundable	1,337,608	1,198,312
	Export rebate	369,715	333,880
	Duty draw back claims	613,436	-
	Others	351,321	29,856
		2,672,080	1,562,048
22.	**CASH AND BANK BALANCES**		
	With banks :		
	On current accounts	292,699	540,878
	On saving accounts including US$ 61,171 (2016: US$ 28,424) (Note 22.1)	608,040	684,751
		900,739	1,225,629
	Cash in hand	2,077	1,024
		902,816	1,226,653

22.1 Rate of profit on saving accounts ranges from 2.40% to 6.00% (2016 : 2.40% to 6.50%) per annum.

		2017	2016
		(RUPEES IN THOUSAND)	
23.	**REVENUE**		
	Local sales	1,008,845	778,527
	Export sales	21,775,633	21,851,459
	Waste sales	341,816	369,727
	Knitting / dyeing income	295,574	233,344
		23,421,868	23,233,057
	Less: Sales tax	27,992	49,572
		23,393,876	23,183,485
24.	**COST OF SALES**		
	Raw material consumed	8,515,987	8,616,984
	Salaries, wages and other benefits	3,833,044	3,162,883
	Staff retirement benefits	145,638	139,262
	Fuel and power	1,492,115	1,417,173
	Dyes and chemicals consumed	1,147,407	1,144,430
	Stores, spare parts and loose tools consumed	431,316	445,860
	Packing materials and other charges	2,129,873	2,274,723
	Outside knitting, dyeing and CMT charges	1,281,851	1,008,755
	Repair and maintenance	443,330	447,179
	Insurance	64,481	65,486
	Other factory overheads (Note 24.1)	862,376	752,453
	Depreciation - owned assets (Note 14.1.2)	446,193	421,267
	Depreciation - leased assets (Note 14.1.2)	10,100	11,222
		20,803,711	19,907,677
	Work-in-process:		
	Opening stock	1,408,214	1,489,086
	Closing stock	(1,471,451)	(1,408,214)
		(63,237)	80,872
	Cost of goods manufactured	20,740,474	19,988,549
	Finished goods:		
	Opening stock	2,153,952	2,136,641
	Closing stock	(2,885,834)	(2,153,952)
		(731,882)	(17,311)
		20,008,592	19,971,238

24.1 This includes Ijarah (operating lease) rentals amounting to Rupees 18.386 million(2016: Rupees 30.457 million) of vehicles.

		2017	2016
25.	**DISTRIBUTION COST**		
	Salaries and other benefits	84,067	80,001
	Staff retirement benefits	6,144	5,960
	Commission to selling agents	748,558	664,882
	Insurance	6,728	5,409
	Traveling and conveyance	37,306	39,385
	Vehicles' running	7,454	6,902
	Printing and stationery	457	495
	Communication	14,630	13,302
	Outward freight and distribution	569,998	575,562
	Depreciation - owned assets (Note 14.1.2)	635	608
	Depreciation - leased assets (Note 14.1.2)	2,090	3,506
		1,478,067	1,396,012

	2017	2016
	(RUPEES IN THOUSAND)	
26. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	298,483	284,025
Staff retirement benefits	20,555	19,384
Rent, rates and taxes (Note 26.1)	13,818	18,102
Traveling and conveyance	17,961	15,026
Entertainment	7,750	9,193
Repair and maintenance	4,843	3,615
Vehicles' running	13,494	15,988
Printing and stationery	5,381	4,820
Communication	15,890	18,957
Legal and professional	1,685	1,790
Newspapers and periodicals	54	61
Electricity and Sui gas	10,417	9,769
Auditors' remuneration (Note 26.2)	2,110	2,010
Subscription and fee	4,649	5,915
Advertisement	1,100	1,866
Insurance	9,376	9,316
Miscellaneous	522	1,012
Depreciation - owned assets (Note 14.1.2)	49,143	45,809
Depreciation - leased assets (Note 14.1.2)	3,491	5,857
	480,722	472,516

26.1 This includes Ijarah (operating lease) rentals amounting to Rupees 4.285 million (2016: Rupees 6.469 million) of vehicles.

26.2 Auditors' remuneration		
Annual audit fee	1,500	1,400
Half yearly review fee	350	350
Other certifications	175	175
Reimbursable expenses	85	85
	2,110	2,010
27. OTHER EXPENSES		
Workers' profit participation fund (Note 9.1)	10,675	48,644
28. OTHER INCOME		
Income from financial assets		
Profit on deposits with banks	47,271	55,046
Net exchange gain	132,541	254,066
	179,812	309,112
Income from non-financial assets		
Sale of stores and scrap	10,840	10,070
Gain on sale of property, plant and equipment	17,190	9,534
Others	10,199	12,496
	38,229	32,100
	218,041	341,212
29. FINANCE COST		
Mark-up on:		
Long term financing	164,835	145,464
Short term borrowings	328,767	422,017
Liabilities against assets subject to finance lease	3,430	8,592
Interest on workers' profit participation fund (Note 9.1)	5,831	6,511
Bank charges and commission	137,810	135,984
	640,673	718,568

	2017	2016
	(RUPEES IN THOUSAND)	
30. TAXATION		
Current (Note 30.1)	206,925	261,644
Prior year adjustments	(100,738)	(73,143)
	106,187	188,501

30.1 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. This amount includes super tax of Rupees 24.832 million (2016: Rupees 24.402 million) imposed for rehabilitation of temporarily displaced persons under section 4B and tax on undistributed profits under section 5A of the Income Tax Ordinance, 2001. 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.

31. EARNINGS PER SHARE		2017	2016
Basic earnings per share			
Profit after taxation	**(Rupees in thousand)**	887,001	729,218
Dividend on preference shares	**(Rupees in thousand)**	(25,470)	(30,655)
		861,531	698,563
Weighted average number of ordinary shares	**(Numbers)**	67 500 000	60 000 000
Earnings per share - Basic	**(Rupees)**	12.76	11.64
Diluted earnings per share			
Profit after taxation	**(Rupees in thousand)**	887,001	729,218
Dividend on preference shares	**(Rupees in thousand)**	(25,470)	(30,655)
		861,531	698,563
Weighted average number of shares	**(Numbers)**	70 868 925	62 679 683
Earnings per share - Diluted	**(Rupees)**	12.16	11.14

	2017	2016
	(RUPEES IN THOUSAND)	
32. CASH GENERATED FROM OPERATIONS		
Profit before taxation	993,188	917,719
Adjustments for non-cash charges and other items:		
Depreciation	511,652	488,269
Provision for gratuity	172,337	164,606
Gain on sale of property, plant and equipment	(17,190)	(9,534)
Finance cost	640,673	718,568
Working capital changes (Note 32.1)	(2,907,241)	399,700
	(606,581)	2,679,328

		2017	2016
		(RUPEES IN THOUSAND)	
32.1	**Working capital changes**		
	(Increase) / Decrease in current assets		
	Stores, spare parts and loose tools	(355,670)	53,539
	Stock in trade	(1,638,878)	(2,070)
	Trade debts	449,245	844,031
	Loan and advances	(50,595)	11,262
	Short term deposits and prepayments	(15,146)	(8,887)
	Other receivables	(1,110,032)	(455,824)
		(2,721,076)	442,051
	Decrease in trade and other payables	(186,165)	(42,351)
		(2,907,241)	399,700

33. EVENTS AFTER THE REPORTING PERIOD

Board of Directors of the Company has proposed a cash dividend for the ordinary shareholders of the Company for the year ended 30 June 2017 amounting to Rupees 1.75 (2016: Rupees 4.40) per share and preference dividend for the preference shareholders of the Company amounting to Rupees 0.81 (2016: Rupees 0.88) per share at their meeting held on 06 October, 2017. However, these events have been considered as non-adjusting events under IAS-10 and have not been recognized in these financial statements.

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements for remuneration including all benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

DESCRIPTION	2017			2016		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	RUPEES IN THOUSAND					
Managerial remuneration	3,800	1,456	183,585	3,200	2,013	126,486
Allowances						
House rent	1,520	583	73,434	1,280	805	50,595
Other allowances	380	146	18,359	320	201	12,649
	5,700	2,185	275,378	4,800	3,019	189,730
Number of persons	1	2	198	1	3	137

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

34.2 Meeting fee amounting to Rupees 0.150 million (2016: Rupees 0.200 million) has been paid to three directors (2016: four directors)

35. TRANSACTIONS WITH RELATED PARTIES

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

	2017	2016
	(RUPEES IN THOUSAND)	
Associated company		
Purchase of goods and services	-	32,571
Sale of goods and services	-	164,379
Dividend paid	64,334	63,603
Right Shares issued	388,578	-
Other related parties		
Dividend paid	6,480	6,488
Right Shares issued	25,773	-

		2017	2016
		(NUMBER OF PERSONS)	
36. NUMBER OF EMPLOYEES			
Number of Employees as on 30 June		13 672	12 359
Average number of employees during the year		12 976	12 221

		2017	2016
		(FIGURES IN THOUSAND)	
37. PLANT CAPACITY AND ACTUAL PRODUCTION			
SPINNING			
Production at normal capacity converted to 20s count based on three shifts per day.	(Kgs.)	4 762	4 762
Actual production converted to 20s count based on three shifts per day.	(Kgs.)	4 398	4 395
KNITTING			
Production at normal capacity based on three shifts per day.	(Kgs.)	43 414	41 216
Actual production based on three shifts per day.	(Kgs.)	18 059	18 639
DYEING / FINISHING			
Production at normal capacity on reactive dyeing basis at three shifts per day.	(Kgs.)	34 703	34 080
Actual production converted on reactive dyeing basis at three shifts per day.	(Kgs.)	18 939	17 593
GARMENTS			
Production at normal capacity of normal / average garments capacity based on single shift per day.	(Dzn.)	6 012	5 926
Actual production of normal / average garments capacity basis on single shift per day.	(Dzn.)	3 688	3 778

37.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity is due to normal maintenance. Knitting machines are available for different types of fabric for which orders are based on seasonal basis resulting under utilization of actual knitting capacity.

38. SEGMENT INFORMATION

	Spinning		Knitting		Processing & Garments		Elimination of inter-segment transactions		Total- Company	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(RUPEES IN THOUSAND)									
Revenue										
External	872,728	1,243,140	87,508	56,241	22,433,640	21,884,104	-	-	23,393,876	23,183,485
Intersegment	1,625,371	1,515,497	8,262,138	7,850,344	29,202	43,836	(9,916,711)	(9,409,677)	-	-
	2,498,099	2,758,637	8,349,646	7,906,585	22,462,642	21,927,940	(9,916,711)	(9,409,677)	23,393,876	23,163,485
Cost of sales	(2,425,111)	(2,690,752)	(8,036,752)	(7,650,304)	(19,463,440)	(19,039,858)	9,916,711	9,409,677	(20,008,592)	(19,971,238)
Gross Profit	72,968	67,885	312,894	256,261	2,999,402	2,888,082	-	-	3,385,264	3,212,247
Distribution cost	(33,390)	(40,022)	(111,631)	(104,213)	(1,333,046)	(1,251,777)	-	-	(1,478,067)	(1,396,012)
Administrative expenses	(26,476)	(26,479)	(79,647)	(68,957)	(374,599)	(377,080)	-	-	(480,722)	(472,516)
	(59,888)	(66,501)	(191,278)	(173,170)	(1,707,645)	(1,628,857)	-	-	(1,958,789)	(1,868,528)
Profit before taxation and unallocated income and expenses	13,122	1,364	121,616	83,111	1,291,757	1,259,225	-	-	1,426,495	1,343,719
Unallocated income and expenses:										
Other expenses									(10,675)	(48,644)
Other income									216,041	341,212
Finance cost									(640,673)	(718,568)
Taxation									(106,187)	(188,501)
Profit after taxation									687,001	729,218

38.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Knitting		Processing & Garments		Total- Company	
	2017	2016	2017	2016	2017	2016	2017	2016
	(RUPEES IN THOUSAND)							
Segment Assets	1,978,453	1,147,517	2,810,236	1,930,380	11,819,798	9,869,716	16,608,487	12,947,613
Unallocated assets							10,290,123	9,782,691
Total assets as per balance sheet							26,898,610	22,730,304
Segment Liabilities	116,635	162,316	328,189	641,231	2,261,746	2,010,983	2,708,570	2,814,530
Unallocated Liabilities							14,842,441	12,191,652
Total liabilities as per balance sheet							17,551,011	15,006,182

38.2 Geographical Information

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

	2017	2016
	(RUPEES IN THOUSAND)	
America and Canada	13,886,425	14,203,803
Europe	6,693,673	6,049,388
Asia, Africa, and Australia	1,195,535	1,598,268
Pakistan	1,618,243	1,332,026
	23,393,876	23,183,485

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

38.3 Revenue from major customers

Revenue from major customers of the Company's Garments segment includes four cutomers(2016: three) represent Rupees 14,802 million (2016 : Rupees 12,337 million). Revenue from other segments of the Company does not include any major customer.

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2017	2016
Cash at banks - USD	61,171	28,424
Trade debts - USD	45,095,009	50,960,434
Trade debts - Euro	609,722	1,476,176
Trade and other payable - USD	(339,412)	(1,609,204)
Trade and other payable - Euro	(19,748)	(1,286)
Net exposure - USD	44,816,768	49,379,654
Net exposure - Euro	589,974	1,474,890

Following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	104.41	103.93
Reporting date rate	104.80	104.50
Rupees per Euro		
Average rate	113.82	115.40
Reporting date rate	119.91	116.08

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 223.097 million (2016: Rupees 245.108 million) and Rupees 3.360 million (2016: Rupees 8.132 million) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

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

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

	2017	2016
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	787,836	174,478
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	608,040	684,751
Financial liabilities		
Long term financing	4,988,484	1,679,007
Liabilities against assets subject to finance lease	51,987	93,171
Short term borrowings	8,907,948	10,056,494

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 127.362 million (2016: Rupees 105.867 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming that amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

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

Trade debts	5,618,714	6,067,959
Loans and advances	52,230	39,333
Deposits	66,545	47,585
Other receivables	351,321	29,856
Bank balances	900,739	1,225,629
	6,989,549	7,410,362

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			2017	2016
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	46,538	120,012
Allied Bank Limited	A1+	AA+	PACRA	1,514	5,305
Askari Bank Limited	A1+	AA+	PACRA	19,025	52,907
Bank Alfalah Limited	A1+	AA	PACRA	10,144	26,636
First Women Bank Limited	A2	A-	PACRA	16,172	21,240
Habib Bank Limited	A-1+	AAA	JCR-VIS	18,314	74,219
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	208,059	210,859
Bank Al-Habib Limited	A1+	AA+	PACRA	4,392	2,450
MCB Bank Limited	A1+	AAA	PACRA	15,153	23,059
MCB Bank Limited (formerly NIB Bank Limited)	A1+	AA-	PACRA	2,650	468
The Bank of Punjab	A1+	AA	PACRA	131,490	98,290
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	1,182	15,478
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	6,394	6,535
United Bank Limited	A-1+	AAA	JCR-VIS	99,499	145,128
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	191	24,883
Summit Bank Limited	A-1	A-	JCR-VIS	117,532	204,527
Soneri Bank Limited	A1+	AA-	PACRA	42,784	71,692
Samba Bank Limited	A-1	AA	JCR-VIS	61,748	68,605
Industrial and Commercial Bank of China	P-1	A1	Moody's	1,720	20,036
Meezan Bank Limited	A-1+	AA	JCR-VIS	96,237	33,300
				900,739	1,225,629

As at 30 June 2017, trade debts of Rupees 894.181 million (2016: Rupees 1,002.049 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:

	2017	2016
	(RUPEES IN THOUSAND)	
Upto 1 month	631,957	408,454
1 to 6 months	203,354	162,071
More than 6 months	58,870	431,524
	894,181	1,002,049

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

(c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2017, the Company had Rupees 4,037.052 million (2016: Rupees 2,828.506 million) available borrowing limits from financial institutions and Rupees 902.816 million (2016: Rupees 1,226.653 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Following are the contractual maturities of financial liabilities as at 30 June 2017:

	Carrying Amount	Contractual Cash flows	6 months or less	6-12 months	1-2 Years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilies:						
Long term financing	5,776,320	5,844,724	424,919	586,291	2,944,591	1,888,923
Liabilities against assets subject to finance lease	51,987	55,110	21,523	9,947	16,190	7,450
Short term borrowings	8,907,948	9,029,085	8,194,085	835,000	-	-
Trade and other payables	1,908,091	1,908,091	1,830,631	77,460	-	-
Accrued mark-up	126,698	126,698	126,698	-	-	-
	16,771,044	16,963,708	10,597,856	1,508,698	2,960,781	1,896,373

Following are the contractual maturities of financial liabilities as at 30 June 2016:

	Carrying Amount	Contractual Cash flows	6 months or less	6-12 months	1-2 Years	More than 2 years
	(RUPEES IN THOUSAND)					
Non-derivative financial liabilities:						
Long term financing	1,853,485	2,135,375	426,760	453,341	787,516	467,758
Liabilities against assets subject to finance lease.	93,171	101,128	23,829	21,603	32,009	23,687
Short term borrowings	10,056,494	10,127,070	8,047,070	2,080,000	-	-
Trade and other payables	2,023,734	2,023,734	1,921,866	101,868	-	-
Accrued mark-up	91,040	91,040	91,040	-	-	-
	14,117,924	14,478,347	10,510,565	2,656,812	819,525	491,445

Short term borrowings and trade and other payables are financial liabilities of revolving nature which will get renewed as part of working capital management. The rates of interest / mark-up have been disclosed in Note 6, Note 7 and Note 11 of these financial statements.

(d) Capital risk management

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

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

39.2 Financial instruments by categories

	Loans and receivables	
	2017	2016
	(RUPEES IN THOUSAND)	
As at 30 June		
Financial assets		
Trade debts	5,618,714	6,067,959
Loans and advances	52,230	39,333
Deposits	66,545	47,585
Other receivables	351,321	29,856
Cash and bank balances	902,816	1,226,653
	6,991,626	7,411,386

	At amortized cost	
	2017	2016
	(RUPEES IN THOUSAND)	
Financial liabilities		
Long term financing	5,776,320	1,853,485
Liabilities against assets subject to finance lease	51,987	93,171
Short term borrowings	8,907,948	10,056,494
Trade and other payables	1,908,091	2,023,734
Accrued mark-up	126,698	91,040
	16,771,044	14,117,924

39.3 Offsetting financial assets and financial liabilities

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

40. RECOGNIZED FAIR VALUE MEASUREMENTS

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
At 30 June 2017	RUPEES IN THOUSAND			
Freehold land	-	1,462,233	-	1,462,233
At 30 June 2016				
Freehold land	-	1,462,233	-	1,462,233

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfer between level 1 and 2 for recurring fair value measurement during the year. Further, there was no transfer in and out of level 3.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land (classified as property, plant and equipment) at least after every three years. The management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar lands.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land.

Changes in fair values are analyzed at the reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 October, 2017 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

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

44. GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR** **CHIEF FINANCIAL OFFICER**

FORM 34

PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2017

1. Incorporation Number **0012223**
2. Name of the Company **MASOOD TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the shareholders as at **30.06.2017**

4. No. of shareholders	Shareholdings	Total shares held
ORDINARY SHARES:		
650	Shareholding from 1 to 100 Shares	46,444
500	Shareholding from 101 to 500 Shares	112,216
91	Shareholding from 501 to 1000 Shares	68,803
118	Shareholding from 1001 to 5000 Shares	269,881
17	Shareholding from 5001 to 10000 Shares	118,202
6	Shareholding from 10001 to 15000 Shares	80,800
6	Shareholding from 15001 to 20000 Shares	105,637
5	Shareholding from 20001 to 25000 Shares	120,138
1	Shareholding from 25001 to 30000 Shares	25,900
2	Shareholding from 30001 to 35000 Shares	67,500
2	Shareholding from 35001 to 40000 Shares	77,800
2	Shareholding from 40001 to 45000 Shares	87,187
4	Shareholding from 45001 to 50000 Shares	198,350
1	Shareholding from 50001 to 55000 Shares	55,000
1	Shareholding from 70001 to 75000 Shares	75,000
1	Shareholding from 75001 to 80000 Shares	77,000
1	Shareholding from 90001 to 95000 Shares	92,605
1	Shareholding from 100001 to 105000 Shares	104,962
1	Shareholding from 110001 to 115000 Shares	115,000
1	Shareholding from 120001 to 125000 Shares	121,374
1	Shareholding from 390001 to 395000 Shares	392,750
1	Shareholding from 415001 to 420000 Shares	419,625
1	Shareholding from 690001 to 695000 Shares	692,050
1	Shareholding from 785001 to 790000 Shares	785,100
1	Shareholding from 1555001 to 1560000 Shares	1,556,718
1	Shareholding from 1725001 to 1730000 Shares	1,726,400
1	Shareholding from 2210001 to 2215000 Shares	2,214,169
1	Shareholding from 3370001 to 3375000 Shares	3,373,987

1	Shareholding from 4385001 to 4390000 Shares	4,387,500
1	Shareholding from 4535001 to 4540000 Shares	4,536,019
1	Shareholding from 7635001 to 7640000 Shares	7,636,550
1	Shareholding from 17395001 to 17400000 Shares	17,396,833
1	Shareholding from 20360001 to 20365000 Shares	20,362,500
1424	**Total**	67,500,000

PREFERENCE SHARES:

1	Shareholding from 2495001 to 2500000 Shares	2,500,000
1	Shareholding from 3665001 to 3670000 Shares	3,666,668
3	Shareholding from 4995001 to 5000000 Shares	15,000,000
1	Shareholding from 9995001 to 10000000 Shares	10,000,000
6	**Total**	31,166,668

5. Categories of shareholders	Shares held	Percentage
ORDINARY SHARES:		
5.1 Directors, Chief Executive Officer, etc.	1,656,842	2.45
5.2 Associated Companies, undertakings and related parties.	17,396,833	25.77
5.3 NIT and ICP	2,215,019	3.28
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.	4,565,738	6.76
5.5 Insurance Companies	400,444	0.59
5.6 Modarabas and Mutual Funds	3,100	0.00
5.7 Share holders holding 10%	27,999,050	41.48
5.8 General Public		
a. Local	2,540,481	3.76
b. Foreign		
5.9 Others - Joint Stock Companies/Co-operative Societies.	10,722,493	15.89
Total Ordinary Shares	67,500,000	100.00
PREFERENCE SHARES:		
5.3 Banks, Development Financial Institutions, Non Banking Financial Institutions.	31,166,668	100.00

6. Signature of Chief Executive/ Secretary

7. Name of Signatory: **MIAN ABDUL BARI**

8. Designation: **COMPANY SECRETARY**

9. CNIC Number: 3 3 1 0 0 - 7 8 9 1 4 1 5 - 3

10. Date: Day 0 6 Month 1 0 Year 2 0 1 7

NAMEWISE CATEGORIES OF SHAREHOLDERS AS ON 30-06-2017

Name		Shares Held	Total Shares	Percentage
ORDINARY SHARES				
Directors:				
MR. SHAHID NAZIR AHMAD	Chief Executive Officer	1,556,718		
MR. NASEER AHMAD SHAH	Chairman	42,187		
MR. FAZAL AHMAD	Director	33,750		
MR. MATLOOB HUSSAIN	Director	24,187		
MR. SHOAIB AHMAD KHAN (NIT Nominee)	Director	-		
MR. SHIBIN YANG (Shanghai Challenge - Nominee)	Director	-		
MISS CHEN YAN (Shanghai Challenge - Nominee)	Director	-	**1,656,842**	**2.45**
Shareholders Holding 10% or More:				
MRS. NAZIA NAZIR		20,362,500		
ZHEJIANG XINAO INDUSTRY COMPANY LIMITED		7,636,550	**27,999,050**	**41.48**
Associated Undertakings:				
SHANGHAI CHALLENGE TEXTILE CO., LIMITED		17,396,833	**17,396,833**	**25.77**
Investment Companies:				
INVESTMENT CORPORATION OF PAKISTAN		850	**850**	**0.00**
Financial Institutions:				
Banks:				
HABIB METROPOLITAN BANK LIMITED		25,900		
IDBP (ICP UNIT)		3,250		
NATIONAL BANK OF PAKISTAN		4,536,588	**4,565,738**	**6.77**
Insurance Companies				
AGRO GENERAL INSURANCE COMPANY LIMITED		7,594		
DELTA INSURANCE COMPANY LIMITED		100		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		392,750	**400,444**	**0.59**
Modarabas				
THIRD PRUDENTIAL MODARABA		2,900		
UNICAP MODARABA		200	**3,100**	**0.00**
Mutual Fund				
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		2,214,169	**2,214,169**	**3.28**

Name	Shares Held	Total Shares	Percentage
Joint Stock Companies And Others			
BEACON IMPEX (PVT.) LIMITED	3,373,987		
FORTRESS TEXTILE (PVT.) LIMITED	2,616,462		
H M INVESTMENTS (PVT.) LIMITED	4,900		
HAJI MUHAMMAD ISMAIL MILLS LIMITED	25,000		
ISMAIL ABDUL SHAKOOR SECURITIES (PVT.) LIMITED	50		
KOHISTAN CORPORATION (PVT.) LIMITED	4,387,500		
LIBERTY MILLS LIMITED	13,000		
MAPLE LEAF CAPITAL LIMITED	1		
NH SECURITIES (PVT.) LIMITED	5		
PASHA SECURITIES (PVT.) LIMITED	100		
PRUDENTIAL CAP.MANAGEMENT LIMITED	1,600		
PAKISTAN KUWAIT INVSTMENT (PVT.) LIMITED	2,600		
PEARL SECURITIES LIMITED - MF	2,000		
SAVARI (PVT.) LIMITED	900		
SOFTWARE CREATIONS (PVT.) LIMITED	121,374		
TRUSTEE NBP EMP BENEVOLENT FUND TRUST	3,249		
TRUSTEE NBP EMPLOYEES PENSION FUND	92,605		
Y.S. SECURITIES & SERVICES (PVT.) LIMITED	160		
ZAFAR SECURITIES (PVT.) LIMITED	77,000	**10,722,493**	**15.89**
General Public:		**2,540,481**	**3.77**
TOTAL ORIDINANRY SHARES		**67,500,000**	**100.00**
PREFERENCE SHARES			
Banks:			
ASKARI BANK LIMITED	-	2,500,000	
HABIB BANK LIMITED	-	10,000,000	
MCB BANK LIMITED	-	5,000,000	
NATIONAL BANK OF PAKISTAN	-	5,000,000	
UNITED BANK LIMITED	-	3,666,668	
		26,166,668	**83.96**
Investment Companies:			
PAKISTAN KUWAIT INVESTMENT CO. (PVT.) LIMITED	-	5,000,000	**16.04**
TOTAL PREFERENCE SHARES		**31,166,668**	**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 33rd Annual General Meeting of the Company to be held at its Registered Office at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad on Tuesday, the 31st day of October, 2017 at 11:00 A.M. or any adjournment thereof.

As witnessed my hands this________________________ day of ________________ 2017

Signed by me in the presence of witness: ________________________________

____

(Signature of witness)

CNIC.______________

(Member's Signature)

CNIC.______________

Five Rupees
Revenue
Stamp

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.