

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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COMPANY INFORMATION

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, West Canal Road, Feroqabad, Faisalabad on Wednesday, 31st October, 2012 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, 2011.
2. To receive and adopt the Audited Accounts of the Company for the financial year ended 30th June, 2012.
3. To approve the payment of cash dividend @ 17½ % (Rs. 1.75 per ordinary share), as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the financial year ending 30th June, 2013. 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: 04 October, 2012

(COMPANY SECRETARY)

NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 28th October to 5th November, 2012 (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 27th October, 2012 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 28th October to 5th November, 2012 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. (Rs.1.49 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 27th October, 2012 will be treated in time.
3. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at the Registered Office of the Company, duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith. However, Preference Shareholders are not entitled to attend the meeting, since Preference Shares carry no voting rights.
4. Share holders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.
5. Share holders are requested to notify any change in their addresses immediately. 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 to send them at the earliest.



DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to place on record the 28th Annual Report of Masood Textile Mills Limited, comprising of Annual Accounts of the Company for the financial year ended 30th June, 2012 along with Auditors' Report thereon and other required information prescribed under the Code of Corporate Governance. The financial results of the Company for the year under discussion reflect that sales were increased from Rupees 18.525 Billion to Rupees 19.275 Billion during the year under review, mainly on account of increase in exports. Gross Profit margin was increased from Rupees 2.973 Billion to Rupees 3.222 Billion as compared with the corresponding previous year. The resultant profit for the year before taxation was considerably enhanced from Rupees 729.969 Million to Rupees 835.366 Million, thus reflecting an increase of 14.44 % over the corresponding period. Moreover, earning per share-basic was improved from Rupees 12.17 to Rupees 13.92 during the year under review. The declared financial results reflect healthy state of affairs inspite of shortage of electricity & gas and general inflationary trend of cost components like distribution cost etc. Despite all above, the management adopted aggressive marketing strategies to boost exports in most competitive International Markets to achieve the better financial results. The comparative financial results of the Company are reproduced as under:

	2012 (RUPEES IN THOUSAND)	2011 (RUPEES IN THOUSAND)
SALES	19,274,793	18,524,930
COST OF SALES	(16,052,482)	(15,552,188)
GROSS PROFIT	3,222,311	2,972,742
DISTRIBUTION COST	(910,442)	(828,796)
ADMINISTRATIVE EXPENSES	(310,523)	(283,558)
OTHER OPERATING EXPENSES	(65,641)	(53,016)
	(1,286,606)	(1,165,370)
	1,935,705	1,807,372
OTHER OPERATING INCOME	62,863	60,649
PROFIT FROM OPERATIONS	1,998,568	1,868,021
FINANCE COST	(999,338)	(923,074)
PROFIT BEFORE TAXATION	999,230	944,947
TAXATION	(163,864)	(214,978)
PROFIT AFTER TAXATION	835,366	729,969
EARNINGS PER SHARE - BASIC (RUPEES)	13.92	12.17
- DILUTED (RUPEES)	9.83	8.03

Our major expansions were carried out during the last two years to enhance production facilities to meet the requirements of our customers. Now, the management is making stern efforts to attract more customers for optimal utilization of available facilities to make further improvements in the financial results. We are operating our steam/thermo oil boilers on bio-mass to meet the steam and heating requirements during gas load shedding. The company is also having standby generators to overcome the shortage of electricity. The management is planning to invest in some associated company for setting up a project for power generation based on bio-mass/coal which will further enhance the profitability of your company.

We would continue to express our concerns on the law and order situation prevailing in the country. Government need to take all measures to improve the law and order situation in Pakistan which is adversely affects the economic conditions of the country and discouraging the foreign investors/buyers. Moreover, the shortage of electricity and gas has adversely affected the timely execution of export orders and utilization of production capacities. Hence, the Government should introduce business friendly policies to keep the textile industry moving forward on the growth track to enhance exports for earning maximum foreign exchange and generating more employment.

Keeping in view the profitability and in line with continuous payout history of the Company, your Directors have recommended 17½ % cash dividend (Rs. 1.75 per ordinary share) for holders of Ordinary Shares for the financial year, under review.

In addition to Ordinary Shares, the Company had originally issued 60.000 million Preference Shares of the value of Rupees 600.000 million to the financial institutions to meet its funds requirements. After expiry of their maturity, the process of their redemption continued at the option of the Company. During the financial year under review, third redemption of 6 666 667 Preference Shares was affected, as per our obligation. Under the agreed terms and conditions, Preferred Dividend of Rupees 1.49 per share has been computed against balance Preference Shares on the basis of average six months KIBOR+200 bps p.a.

During the financial year under review, the Securities & Exchange Commission of Pakistan introduced the "Code of Corporate Governance"-2012 in order to enhance the investor confidence. Its first version was issued in the year 2002. It was subsequently made part of the Listing Regulations of the three Stock Exchanges and became applicable to all public listed companies. By re-introducing and raising certain requirements, the objective was to further improve and raise the standards of corporate governance in the country while at the same time taking into consideration the global developments in corporate governance. The Directors are, therefore, desirous of making compliance of different provisions of the Code by employing their efforts Keeping in view the relevant 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 account 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 has 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.

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

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

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

S.No	Name fo Directors	No. of Meetings Attended
1.	Mr. Fazal Ahmad	5
2.	Mr. Matloob Hussain	5
3.	Mr. Shahid Iqbal	5

M/s. Riaz Ahmed & Company, Chartered Accountants, retire and being eligible, offer themselves for their re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the next financial year ending 30th June, 2013.

The Statement of Compliance with the Code of Corporate Governance-2012 is enclosed. Annexed to the Directors' Report, we are enclosing our comparative financial data for the last six years. We are also enclosing Form-34 containing the pattern of share holding along with additional information, as on 30th June, 2012.

The Board acknowledges for the co-operation and devoted efforts of the officers, staff and workers of the company. We also express our satisfaction over the support and guidance rendered by the financial institutions and the shareholders as well.

FOR AND ON BEHALF OF THE BOARD

Faisalabad: 04 October, 2012

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

SIX YEARS FINANCIAL RESULTS

(RUPEES IN THOUSAND)

	2012	2011	2010	2009	2008	2007
SALES	19,274,793	18,524,930	14,720,830	10,946,180	7,884,785	6,017,735
COST OF SALES	(16,052,482)	(15,552,188)	(12,085,511)	(8,851,416)	(6,428,798)	(4,963,190)
GROSS PROFIT	3,222,311	2,972,742	2,635,319	2,094,764	1,455,987	1,054,545
DISTRIBUTION COST	(910,442)	(828,796)	(836,458)	(605,061)	(348,281)	(289,470)
ADMINISTRATIVE EXPENSES	(310,523)	(283,558)	(219,050)	(160,057)	(139,577)	(132,967)
OTHER OPERATING EXPENSES	(65,641)	(53,016)	(94,351)	(71,077)	(29,855)	(31,586)
	(1,286,606)	(1,165,370)	(1,149,859)	(836,195)	(517,713)	(454,023)
	1,935,705	1,807,372	1,485,460	1,258,569	938,274	600,522
OTHER OPERATING INCOME	62,863	60,649	14,242	11,397	8,700	6,887
PROFIT FROM OPERATIONS	1,998,568	1,868,021	1,499,702	1,269,966	946,974	607,409
FINANCE COST	(999,338)	(923,074)	595,274	(719,855)	(538,964)	(439,539)
PROFIT BEFORE TAXATION	999,230	944,947	904,428	550,111	408,010	167,870



VISION STATEMENT

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

MISSION STATEMENT

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

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

This statement is being prescribed to comply with the Code of Corporate Governance contained in Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the code in the following manner:

1. The Company encourages representation of independent non-executive directors representing minority interests on its Board of Directors. At present the Board includes.

<u>Category</u>	<u>Names</u>
Independent Director :	Mr. Muhammad Yousuf Memon
Executive Director :	Mr. Shahid Nazir Ahmad
Non-Executive Directors :	Mr. Naseer Ahmad Shah, Mr. Muhammad Arshad Mr. Shahid Iqbal, Mr. Fazal Ahmad, Mr. Matloob Hussain

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 NBF1 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 will prepare a 'Code of Conduct' and will 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 in his absence by a director elected by the Board 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 will arrange the prescribed training programmes for its Directors to carry out orientation courses, wherever required, to apprise them of their duties and responsibilities.
10. The Board had already approved appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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 non- executive directors including the Chairman of the Committee.
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. 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.

For Masood Textile Mills Limited

**Faisalabad:
04 October, 2012**

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

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **MASOOD TEXTILE MILLS LIMITED** ("the Company") for the year ended 30 June 2012, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2012.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement Partner:
Liaqat Ali Panwar

Date: 04 October 2012
FAISALABAD



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MASOOD TEXTILE MILLS LIMITED** as at 30 June 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a.) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b.) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c.) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2012 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d.) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement Partner:
Liaqat Ali Panwar

Date: 04 October 2012
FAISALABAD



BALANCE SHEET AS

	NOTE	2012 (RUPEES IN THOUSAND)	2011
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
65 000 000 (2011 : 65 000 000) ordinary shares of Rupees 10 each		650,000	650,000
60 000 000 (2011 : 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		<u>1,250,000</u>	<u>1,250,000</u>
Issued, subscribed and paid up share capital	3	1,008,333	1,075,000
Reserves	4	<u>3,372,221</u>	<u>2,713,378</u>
Total equity		4,380,554	3,788,378
Surplus on revaluation of freehold land	5	379,332	379,420
NON-CURRENT LIABILITIES			
Long term financing	6	2,487,997	1,254,840
Liabilities against assets subject to finance lease	7	108,710	110,683
Deferred liability for gratuity	8	257,072	223,885
		2,853,779	1,589,408
CURRENT LIABILITIES			
Trade and other payables	9	2,111,193	2,012,273
Accrued mark-up	10	173,918	183,842
Short term borrowings	11	5,088,907	6,096,208
Current portion of non-current liabilities	12	748,767	705,285
Provision for taxation		181,762	214,978
		<u>8,304,547</u>	<u>9,212,586</u>
TOTAL LIABILITIES		11,158,326	10,801,994
CONTINGENCIES AND COMMITMENTS			
	13		
TOTAL EQUITY AND LIABILITIES		<u>15,918,212</u>	<u>14,969,792</u>

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

CHIEF EXECUTIVE OFFICER



AT 30 JUNE 2012

	NOTE	2012 (RUPEES IN THOUSAND)	2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	4,749,775	4,669,160
Long term advances	15	5,008	3,738
Long term security deposits		26,259	17,481
		<u>4,781,042</u>	<u>4,690,379</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	16	853,101	631,018
Stock in trade	17	4,646,583	4,895,990
Trade-debts	18	3,550,116	2,964,896
Loans and advances	19	284,891	185,345
Short term deposits and prepayments	20	335,800	291,671
Other receivables	21	541,295	609,077
Cash and bank balances	22	925,384	701,416
		11,137,170	10,279,413
TOTAL ASSETS		<u><u>15,918,212</u></u>	<u><u>14,969,792</u></u>

DIRECTOR

**MASOOD TEXTILE MILLS LIMITED****PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2012 (RUPEES IN THOUSAND)	2011
SALES	23	19,274,793	18,524,930
COST OF SALES	24	(16,052,482)	(15,552,188)
GROSS PROFIT		3,222,311	2,972,742
DISTRIBUTION COST	25	(910,442)	(828,796)
ADMINISTRATIVE EXPENSES	26	(310,523)	(283,558)
OTHER OPERATING EXPENSES	27	(65,641)	(53,016)
		(1,286,606)	(1,165,370)
		1,935,705	1,807,372
OTHER OPERATING INCOME	28	62,863	60,649
PROFIT FROM OPERATIONS		1,998,568	1,868,021
FINANCE COST	29	(999,338)	(923,074)
PROFIT BEFORE TAXATION		999,230	944,947
TAXATION	30	(163,864)	(214,978)
PROFIT AFTER TAXATION		835,366	729,969
EARNINGS PER SHARE - BASIC (RUPEES)	31	13.92	12.17
- DILUTED (RUPEES)	31	9.83	8.03

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	835,366	729,969
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	835,366	729,969

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2012 (RUPEES IN THOUSAND)	2011 (RUPEES IN THOUSAND)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	955,111	2,622,292
Finance cost paid		(1,009,262)	(876,301)
Income tax paid		(212,423)	(206,432)
Dividend paid to ordinary shareholders		(104,669)	(89,738)
Dividend paid to preference shareholders		(71,523)	(79,299)
Gratuity paid		(63,592)	(44,236)
Net increase in long term advances		(1,270)	(550)
Net increase in long term security deposits		(8,778)	(8,639)
Net cash (used in) / generated from operating activities		(516,406)	1,317,097
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		54,636	46,819
Capital expenditure on property, plant and equipment		(483,060)	(1,099,028)
Net cash used in investing activities		(428,424)	(1,052,209)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,943,653	510,228
Repayment of long term financing		(660,980)	(387,349)
Repayment of preference shares		(66,667)	(66,667)
Repayment of liabilities against assets subject to finance lease		(47,208)	(101,758)
Net cash from / (used in) financing activities		1,168,798	(45,546)
NET INCREASE IN CASH AND CASH EQUIVALENTS		223,968	219,342
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		701,416	482,074
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 22)		925,384	701,416

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

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 2010	1,141,667	400,000	200,000	600,000	214,500	1,338,208	1,552,708	2,152,708	3,294,375
Preference shares repaid	(66,667)	-	-	-	-	-	-	-	(66,667)
Transfer from capital redemption reserve fund	-	-	(66,667)	(66,667)	-	66,667	66,667	-	-
Transfer to capital redemption reserve fund	-	-	66,667	66,667	-	(66,667)	(66,667)	-	-
Dividend at the rate of Rupees 1.50 per share (Ordinary shares)	-	-	-	-	-	(90,000)	(90,000)	(90,000)	(90,000)
Dividend at the rate of Rupees 1.46 per share (Preference shares)	-	-	-	-	-	(79,299)	(79,299)	(79,299)	(79,299)
Profit after taxation for the year	-	-	-	-	-	729,969	729,969	729,969	729,969
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	729,969	729,969	729,969	729,969
Balance as at 30 June 2011	1,075,000	400,000	200,000	600,000	214,500	1,898,878	2,113,378	2,713,378	3,788,378
Preference shares repaid	(66,667)	-	-	-	-	-	-	-	(66,667)
Transfer from capital redemption reserve fund	-	-	(66,667)	(66,667)	-	66,667	66,667	-	-
Transfer to capital redemption reserve fund	-	-	8,333	8,333	-	(8,333)	(8,333)	-	-
Dividend at the rate of Rupees 1.75 per share (Ordinary shares)	-	-	-	-	-	(105,000)	(105,000)	(105,000)	(105,000)
Dividend at the rate of Rupees 1.50 per share (Preference shares)	-	-	-	-	-	(71,523)	(71,523)	(71,523)	(71,523)
Profit after taxation for the year	-	-	-	-	-	835,366	835,366	835,366	835,366
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	835,366	835,366	835,366	835,366
Balance as at 30 June 2012	1,008,333	400,000	141,666	541,666	214,500	2,616,055	2,830,555	3,372,221	4,380,554

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012****1. THE COMPANY AND ITS OPERATIONS**

Masood Textile Mills Limited is a public limited company incorporated under the companies Act, 1913 (Now Companies Ordinance, 1984) and listed on the stock exchanges in Pakistan. Its registered office is situated at Universal House, West Canal Road, Faisalabad. The main objects of the Company are manufacturing and sale of cotton/synthetic fiber yarn, knitted/dyed fabrics and garments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of Preparation**a) Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting Convention

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

- Deferred liability for the staff retirement benefits which is recognized on the basis of actuarial valuation (Note 8).
- Land grouped in operating fixed assets which is carried at revalued amount (Note 14.1).
- Long term interest free loan which is carried at amortized cost (Note 6.2).

c) Critical accounting estimates and judgments

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

Deferred liability for staff retirement benefits

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and monthly rates. Changes in these assumptions in future years may affect the liability /asset under these plans in those years.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

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 standards that are effective in current year and are relevant to the Company

Following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2011:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 July 2011). The new disclosure requirements apply to transfer of financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are part of the International Accounting Standards Board (IASBs) comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. However, this amendment has no material impact on these financial statements.

IAS 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2011). It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. However, this amendment has no material impact on these financial statements.

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

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2012 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The IASB has amended the accounting requirements and disclosures related to off setting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Board undertaking a joint project to address the differences in their respective accounting standards regarding off setting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IAS 1 (Amendment), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. However, this amendment is not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendment), 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2013). This amendment requires that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. However, this amendment is not expected to have a material impact on the Company's financial statements.

IAS 19 (Amendment), 'Employee Benefits' (effective for annual periods beginning on or after 01 January, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated base on the rate used to discount the defined benefit obligation.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 – 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation', that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefits

The Company operates unfunded gratuity scheme for its employees. Provision is made in the books of account on the basis of actuarial computation subject to a maximum of 8.33 percent of salary of the employees. Latest actuarial valuation has been made as at 30 June 2012 by the consulting actuaries using Projected Unit Credit Actuarial Cost Method.

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

2.3 Foreign currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or at the contracted rates, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

2.4 Taxation

Current

The Company falls in the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made in the financial statements accordingly. However, provision for tax on other income is based on taxable income at the current rates after considering the rebates and tax credits available, if any.

Deferred

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

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

2.5 Property, plant, equipment and depreciation**Owned**

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except land which is stated at cost/appreciated value less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss. Cost of property, plant and equipment signifies historical cost, applicable exchange differences (upto 30 September 2004), appreciated value, borrowing cost pertaining to erection / construction period as referred in Note 2.7 and directly attributable cost of bringing the assets to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Leased – Finance Lease

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

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

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

Gain on sale and lease back of operating fixed assets is deferred and amortized over the lease term and loss on sale and lease back of operating fixed assets is recognized in profit and loss account. Assets so acquired are depreciated over their expected useful life.

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 on a straight line basis over the lease term.

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 derecognized. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

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

2.6 Inventories

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

Stores, spare parts and loose tools

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

Stock in trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- i) For raw materials - Annual average basis.
- ii) For work-in-process and finished goods - Average manufacturing cost including a portion of production over heads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon, waste stock/rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

2.7 Borrowing cost

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

2.8 Provisions

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

2.9 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. 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 sales is recognized on delivery of goods to customers.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.11 Share capital

Ordinary and preference shares are classified as equity.

2.12 Financial instruments

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

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit and loss account currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item:

Trade and other receivables

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

Borrowings

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

Trade and other payables

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

2.13 Off setting

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

2.14 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.

2.15 Dividend and transfer of reserve

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

2.16 Segment reporting

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

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

The Company has three reportable operating segments: i) Spinning (Producing different qualities of yarn), ii) Knitting (Producing knitted fabric from yarn), iii) Processing and Garments (Processing of greige fabric for production of dyed and white fabric and manufacturing of variety of garments from processed fabric).

Transaction among the operating segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2012 (NUMBER OF SHARES)	2011 (NUMBER OF SHARES)		2012 (RUPEES IN THOUSAND)	2011 (RUPEES IN THOUSAND)
60 000 000	60 000 000	Ordinary shares of Rupees 10 each fully paid in cash	600,000	600,000
40 833 334	47 500 001	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 3.1 & 3.2)	408,333	475,000
<u>100 833 334</u>	<u>107 500 001</u>		<u>1,008,333</u>	<u>1,075,000</u>

3.1 Movement during the year

47 500 001	54 166 667	As at 01 July	475,000	541,667
6 666 667	6 666 666	Cumulative preference shares (non-voting) of Rupees 10 each repaid during the year	66,667	66,667
<u>40 833 334</u>	<u>47 500 001</u>		<u>408,333</u>	<u>475,000</u>

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

Terms of redemption

a) Conversion option

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

b) Call option

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

c) Rate of dividend

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

d) Sinking fund reserve

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

	2012	2011
	(RUPEES IN THOUSAND)	
4. RESERVES		
Composition of reserves is as follows:		
Capital		
Share premium (Note 4.1)	400,000	400,000
Capital redemption reserve fund (Note 4.2)	<u>141,666</u>	<u>200,000</u>
	541,666	600,000
Revenue		
General	<u>214,500</u>	<u>214,500</u>
Unappropriated profit	<u>2,616,055</u>	<u>1,898,878</u>
	2,830,555	2,113,378
	<u><u>3,372,221</u></u>	<u><u>2,713,378</u></u>
4.1	This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.	
4.2	The Company has created this reserve from its profits to make payments against any call option of preference shares.	
5. SURPLUS ON REVALUATION OF FREEHOLD LAND		
Opening balance	379,420	379,420
Less: Surplus realized on sale of land	<u>88</u>	<u>-</u>
	379,332	379,420
6. LONG TERM FINANCING - SECURED		
Long term loans (Note 6.1)	3,198,158	1,882,466
Amortized cost of long term mark up free finance (Note 6.2)	<u>-</u>	<u>33,019</u>
	3,198,158	1,915,485
Less: Current portion shown under current liabilities (Note 12)	<u>710,161</u>	<u>660,645</u>
	<u><u>2,487,997</u></u>	<u><u>1,254,840</u></u>



MASOOD TEXTILE MILLS LIMITED

6.1 Long term loans

LENDER	2012	2011	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST PAYABLE	SECURITY
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(RUPEES IN THOUSAND)

6.1.1 Demand Finances / Long Term Finances for Export Oriented Projects:

United Bank Limited	21,829	31,530	7.00%	Twenty four, quarterly	15 February 2008	Quarterly	First charge on specific machinery
United Bank Limited	4,684	6,558	7.00%	Twenty four, quarterly	31 March 2008	Quarterly	First charge on specific machinery
United Bank Limited	-	5,000	6 Months KIBOR+2.00%	Ten, half yearly	06 April 2009	Half yearly	Equitable/ registered mortgage on operating fixed assets of the company for Rupees 134 million
United Bank Limited	19,775	29,662	6 Months KIBOR+2.00%	Ten, half yearly	30 December 2009	Half yearly	First charge on specific machinery
United Bank Limited	9,571	11,823	10.00%	Twenty four, quarterly	19 December 2010	Quarterly	First charge on specific machinery
United Bank Limited	9,959	12,172	10.00%	Twenty four, quarterly	20 January 2011	Quarterly	First charge on specific machinery
United Bank Limited	2,667	3,229	10.25%	Twenty four, quarterly	10 May 2011	Quarterly	First charge on specific machinery
United Bank Limited	2,604	8,075	9.20%	Twelve, quarterly	23 May 2010	Quarterly	First charge on specific machinery
United Bank Limited	2,040	2,607	10.25%	Twenty four, quarterly	03 June 2011	Quarterly	First charge on specific machinery
United Bank Limited	14,187	33,104	9.20%	Eight, quarterly	17 June 2011	Quarterly	First charge on specific machinery
United Bank Limited	12,113	24,226	10.30%	Eight, quarterly	12 July 2011	Quarterly	First charge on specific machinery
United Bank Limited	2,771	3,463	10.50%	Twenty, quarterly	29 July 2011	Quarterly	First charge on specific machinery
United Bank Limited	13,904	15,890	10.50%	Twenty four, quarterly	12 October 2011	Quarterly	First charge on specific machinery
United Bank Limited	35,402	47,202	11.00%	Eight, quarterly	01 March 2012	Quarterly	First charge on specific machinery
United Bank Limited	45,403	-	12.60%	Sixteen, quarterly	12 April 2013	Quarterly	First charge on specific machinery
United Bank Limited	25,986	-	12.60%	Sixteen, quarterly	10 September 2013	Quarterly	First charge on specific machinery
Habib Bank Limited	16,759	21,547	10.00%	Twenty one, quarterly	09 January 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	48,485	61,415	10.00%	Twenty one, quarterly	22 February 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	17,166	21,206	10.00%	Twenty one, quarterly	18 August 2011	Quarterly	First charge on specific machinery
Habib Bank Limited	16,306	17,122	10.50%	Twenty one, quarterly	26 May 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	54,594	54,594	10.50%	Twenty one, quarterly	29 July 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	29,119	29,119	10.50%	Twenty one, quarterly	06 August 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	40,117	40,117	10.50%	Twenty one, quarterly	17 September 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	2,876	2,876	10.50%	Twenty one, quarterly	21 October 2012	Quarterly	First charge on specific machinery
Habib Bank Limited	4,482	4,482	11.20%	Twenty one, quarterly	28 March 2013	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Limited	38,468	43,965	10.40%	Eight, half yearly	30 January 2012	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Limited	52,755	60,540	11.10%	Eight, half yearly	30 January 2012	Quarterly	First charge on specific machinery
Standard Chartered Bank (Pakistan) Limited	24,711	32,947	11.00%	Four, half yearly	11 May 2012	Quarterly	First charge on specific machinery
Pak Oman Investment Company Limited	12,332	12,332	11.20%	Twenty two, quarterly	15 July 2012	Quarterly	First charge on specific machinery
Pak Oman Investment Company Limited	27,125	45,209	11.00%	Twelve, quarterly	03 March 2011	Quarterly	First charge on specific machinery
Pak Oman Investment Company Limited	16,948	25,424	12.50%	Twelve, quarterly	14 July 2011	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	21,604	24,484	10.00%	Thirty eight, quarterly	24 July 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	14,623	16,572	10.25%	Thirty eight, quarterly	05 September 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	34,614	39,230	10.25%	Thirty eight, quarterly	20 September 2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	9,414	-	12.60%	Eighteen, quarterly	13 December 2012	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	62,850	-	12.60%	Eighteen, quarterly	03 January 2013	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	6,480	7,844	10.25%	Twenty eight,	11 May 2010	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	3,979	4,108	10.25%	Thirty two, quarterly	19 June 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	3,707	3,707	10.50%	Thirty two, quarterly	28 July 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	17,970	17,970	10.50%	Thirty two, quarterly	24 August 2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	63,691	63,691	10.50%	Thirty two, quarterly	20 October 2012	Quarterly	First charge on specific machinery
The Bank of Punjab	37,813	46,539	10.40%	Sixteen, quarterly	31 October 2011	Quarterly	First charge on specific machinery
The Bank of Punjab	46,275	52,885	11.10%	Sixteen, quarterly	15 January 2012	Quarterly	First charge on specific machinery
	948,158	982,466					

6.1.2 Syndicate Term Finance-I:

United Bank Limited	105,000	210,000	3 Months KIBOR+1.50%	Seven, half yearly unequal instalments	22 April 2010	Quarterly	Acquired by the company against fixed assets and is secured by way of first pari passu charge over all present and future moveable fixed assets of the Company and mortgage over immovable fixed assets of the Company.
Habib Bank Limited	105,000	210,000					
NIB Bank Limited	45,000	90,000					
The Bank of Punjab	75,000	150,000					
Habib Metropolitan Bank Limited	45,000	90,000					
Summit Bank Limited	45,000	90,000					
The Bank of Khyber	30,000	60,000					
	450,000	900,000					

Syndicate Term Finance-II:

Allied Bank Limited	200,000	-	3 Months KIBOR+1.50%	Sixteen, quarterly unequal instalments	04 September 2013	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 moveable 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	150,000	-										
The Bank of Punjab	175,000	-										
Dubai Islamic Bank (Pakistan) Limited	200,000	-										
Habib Bank Limited	100,000	-										
National Bank of Pakistan	250,000	-										
Pakistan Kuwait Investment Co.(Pvt) Limited	125,000	-										
Standard Chartered Modaraba	70,000	-										
Standard Chartered Bank (Pakistan) Limited	180,000	-										
Summit Bank Limited	100,000	-										
United Bank Limited	250,000	-										
	1,800,000	-										
	3,198,158	1,882,466										



2012 2011
(RUPEES IN THOUSAND)

6.2 Reconciliation of principal amount and carrying value:		
Principal outstanding	-	34,195
Effect of adjustment	(1,176)	(7,789)
Amortization charged to profit and loss account using the effective interest method (Note 29)	1,176	6,613
Carrying value as at 30 June	<u>-</u>	<u>33,019</u>

6.2.1 The Company has fully repaid this loan during the year.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

2012	-	63,568
2013	54,951	46,822
2014	53,714	45,437
2015	43,672	35,036
2016	18,116	8,577
2017	10,997	-
	<u>181,450</u>	<u>199,440</u>
Less: Financial charges	<u>34,134</u>	<u>44,117</u>
Present value of minimum lease rental payments	147,316	155,323
Less: Current portion shown under current liabilities (Note 12)	<u>38,606</u>	<u>44,640</u>
	<u>108,710</u>	<u>110,683</u>

7.1 The value of minimum lease payments has been discounted using implicit interest rate of 13.32 percent to 14.52 percent per annum (2011: 7.00 to 16.28 percent per annum). Balance rentals are payable in monthly / quarterly & semi-annual installments. In case of default in any payment, an additional charge at the rate of 0.1 percent per day shall be paid. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the company shall pay entire amount of rentals for unexpired period of lease agreement. Lease agreement is renewable at the option of the lessor on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 12.597 million (2011: Rupees 8.743 million) included in long term security deposits and Rupees Nil (2011: Rupees 4.000 million) included in short term deposits and prepayments (Note 20):

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

2012		2011	
Within One year	More than one year but less than five years	Within One year	More than one year but less than five years

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

Total of minimum lease payments	54,951	126,499	63,568	135,872
Less: Financial charges	16,345	17,789	18,928	25,189
Present value of minimum lease payments	<u>38,606</u>	<u>108,710</u>	<u>44,640</u>	<u>110,683</u>

	2012	2011
	(RUPEES IN THOUSAND)	
8. DEFERRED LIABILITY FOR GRATUITY		
Opening balance	223,885	185,886
Add: Provision for the year (Note 8.1)	<u>105,904</u>	<u>81,168</u>
	329,789	267,054
Less:		
Payments made during the year	<u>(63,592)</u>	<u>(44,236)</u>
(Increase) / decrease in current liability - net	<u>(9,125)</u>	<u>1,067</u>
	<u>(72,717)</u>	<u>(43,169)</u>
	<u>257,072</u>	<u>223,885</u>
8.1 Provision for the year:		
Current service cost	73,263	58,019
Interest cost	<u>32,641</u>	<u>23,149</u>
	<u>105,904</u>	<u>81,168</u>
8.2 Reconciliation of present value of defined benefit obligations as at 30 June is given below:		
Present value of defined benefit obligations as at 01 July	233,150	192,905
Current service cost	73,263	58,019
Interest cost	32,641	23,149
Benefits paid during the year	(63,592)	(44,236)
(Increase) / decrease in current liability - net	(9,125)	1,067
Actuarial loss on present value	<u>1,790</u>	<u>2,246</u>
Present value of defined benefit obligations as at 30 June	<u>268,127</u>	<u>233,150</u>
8.3 Reconciliation of present value of defined benefit obligations and liability recognized as at 30 June is given below:		
Present value of defined benefit obligations as at 30 June	268,127	233,150
Unrecognized actuarial loss-accumulative	<u>(11,055)</u>	<u>(9,265)</u>
Recognized liability	<u>257,072</u>	<u>223,885</u>
Principal actuarial assumptions:		
Discount rate	13% per annum	14% per annum
Expected rate of increase in salary in future years	12% per annum	13% per annum
Average expected remaining life time of employees	13 years	13 years

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

	2012	2011	2010	2009	2008
	------(RUPEES IN THOUSAND)-----				
Present value of defined benefit obligations	268,127	233,150	192,905	146,469	108,436
Experience adjustment arising on plan liabilities	1,790	2,246	9,320	(2,948)	(2,540)

2012 2011
(RUPEES IN THOUSAND)

9. TRADE AND OTHER PAYABLES

Creditors	1,296,852	1,285,042
Advances from customers	19,072	17,787
Accrued liabilities	724,032	645,050
Income tax deducted at source	7,230	4,764
Workers' welfare fund	3,155	1,898
Workers' profit participation fund (Note 9.1)	52,720	49,931
Unclaimed dividend	8,132	7,801
	<u>2,111,193</u>	<u>2,012,273</u>

9.1 Workers' profit participation fund

Balance as at 01 July	49,931	47,812
Add: Provision for the year (Note 27)	52,720	49,931
Interest for the year (Note 29)	2,450	2,791
	<u>105,101</u>	<u>100,534</u>
Less: Payments during the year	52,381	50,603
	<u>52,720</u>	<u>49,931</u>

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.

10. ACCRUED MARK-UP

Long term financing	49,554	46,825
Short term borrowings	124,364	137,017
	<u>173,918</u>	<u>183,842</u>

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 2.95% per annum to 15.54% per annum (2011: 3.75% per annum to 15.96% per annum). The sanctioned credit facilities are Rupees 8,725 million (2011 : Rupees 8,375 million).

	2012	2011
	(RUPEES IN THOUSAND)	
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Long term financing (Note 6)	710,161	660,645
Liabilities against assets subject to finance lease (Note 7)	38,606	44,640
	<u>748,767</u>	<u>705,285</u>

13. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Guarantees of Rupees 71.482 million (2011: Rupees 56.412 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Collector of Customs, Lahore for import licence fee.

b) Commitments

i) Contracts for capital expenditure are amounting to Rupees 163.440 million (2011: Rupees 88.629 million) and other than capital expenditure are Rupees 196.850 million (2011: Rupees 77.001 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:

Not later than one year	15,967	-
Later than one year and not later than five years	36,770	-
	<u>52,737</u>	<u>-</u>

14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
-Owned (Note 14.1)	4,521,584	4,295,996
-Leased (Note 14.1)	173,431	204,129
Capital work-in-progress (Note 14.2)	54,760	169,035
	<u>4,749,775</u>	<u>4,669,160</u>



14.1 OPERATING FIXED ASSETS

	OWNED										LEASED			
	Freehold land	Buildings on freehold land	Plant and machinery	Electric and gas installations	Factory equipment	Telephone installations	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
(RUPEES IN THOUSAND)														
At 01 July 2010														
Cost / revalued amount	873,804	658,284	2,789,240	211,141	63,812	18,529	117,454	3,555	151,405	142,257	4,827,481	391,139	136,830	527,769
Accumulated depreciation	-	(181,532)	(897,968)	(77,396)	(31,839)	(9,843)	(54,476)	(2,212)	(77,804)	(68,890)	(1,381,378)	(140,443)	(26,071)	(186,514)
Net book value	873,804	496,732	1,891,254	133,745	32,173	6,686	62,978	1,343	73,601	73,567	3,446,083	250,696	110,559	361,255
Year ended 30 June 2011														
Opening net book value	873,804	496,732	1,891,254	133,745	32,173	6,686	62,978	1,343	73,601	73,567	3,446,083	250,696	110,559	361,255
Additions	50,012	161,810	729,085	70,344	5,702	1,187	17,017	287	18,127	11,795	1,065,166	-	35,958	35,958
Transfer:														
Cost	-	-	228,850	-	-	-	-	-	-	43,769	270,619	(228,850)	(43,769)	(270,619)
Accumulated depreciation	-	-	(98,345)	-	-	-	-	-	-	(23,957)	(23,957)	98,345	23,957	122,302
			128,505							19,812	146,317	(128,505)	(19,812)	(148,317)
Deletions:														
Cost	-	(10,415)	(24,382)	(4,135)	(480)	(101)	(6,866)	-	(512)	(20,805)	(67,656)	-	-	-
Accumulated depreciation	-	5,447	9,027	2,232	266	61	2,160	-	358	11,238	30,789	-	-	-
		(4,968)	(15,335)	(1,903)	(194)	(40)	(4,706)	-	(154)	(9,567)	(36,867)			
Depreciation charge	-	(29,873)	(232,617)	(17,335)	(3,288)	(1,095)	(10,418)	(216)	(16,814)	(15,049)	(328,703)	(23,022)	(21,745)	(44,787)
Closing net book value	723,816	623,501	2,500,892	184,851	34,393	6,738	84,873	1,414	74,960	80,558	4,295,996	99,169	104,960	204,129
At 30 June 2011														
Cost / revalued amount	723,816	809,459	3,720,813	277,350	69,054	17,615	127,805	3,842	169,020	177,016	6,095,590	164,289	128,819	293,108
Accumulated depreciation	-	(185,958)	(1,219,921)	(92,499)	(34,661)	(10,877)	(62,732)	(2,428)	(94,060)	(96,458)	(1,799,594)	(85,120)	(23,859)	(88,979)
Net book value	723,816	623,501	2,500,892	184,851	34,393	6,738	84,873	1,414	74,960	80,558	4,295,996	99,169	104,960	204,129
Year ended 30 June 2012														
Opening net book value	723,816	623,501	2,500,892	184,851	34,393	6,738	84,873	1,414	74,960	80,558	4,295,996	99,169	104,960	204,129
Additions	29,130	53,655	394,648	44,735	3,317	777	19,401	367	16,794	34,511	597,335	-	39,201	39,201
Transfer:														
Cost	-	-	60,000	-	-	-	-	-	-	1,314	81,314	(60,000)	(1,314)	(81,314)
Accumulated depreciation	-	-	(41,545)	-	-	-	-	-	-	(487)	(42,012)	41,545	487	42,012
			38,455							847	39,302	(38,455)	(847)	(39,302)
Deletions:														
Cost / revalued amount	(11,235)	(10,451)	(23,638)	-	-	(8)	(10)	(355)	(60)	(23,507)	(89,282)	-	-	-
Accumulated depreciation	-	1,890	11,354	-	-	3	8	271	11	12,385	25,700	-	-	-
	(11,235)	(8,761)	(12,284)	-	-	(3)	(4)	(84)	(49)	(11,142)	(43,582)			
Depreciation charge	-	(32,859)	(284,343)	(20,990)	(3,331)	(1,062)	(10,889)	(221)	(16,515)	(17,277)	(367,487)	(8,497)	(22,100)	(30,597)
Closing net book value	741,711	635,536	2,657,368	208,596	34,379	6,450	73,381	1,476	75,190	87,497	4,521,584	52,217	121,214	173,431
At 30 June 2012														
Cost / revalued amount	741,711	852,683	4,171,823	322,085	72,371	18,388	146,996	3,854	185,754	189,334	8,704,977	84,289	168,706	250,995
Accumulated depreciation	-	(217,127)	(1,514,455)	(113,489)	(37,992)	(11,938)	(73,815)	(2,378)	(110,564)	(101,837)	(2,183,393)	(32,072)	(45,492)	(77,564)
Net book value	741,711	635,536	2,657,368	208,596	34,379	6,450	73,381	1,476	75,190	87,497	4,521,584	52,217	121,214	173,431
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 2007 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 30 September 1995. Had there been no revaluation on that date, the value of freehold land would have been lower by Rupees 379.332 million (2011: Rupees 379.420 million). The book value of freehold land on cost basis is Rupees 362.379 million (2011: Rupees 344.398 million).

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

	2012	2011
(RUPEES IN THOUSAND)		
Owned:		
Cost of sales (Note 24)	321,523	283,113
Distribution cost (Note 25)	601	527
Administrative expenses (Note 26)	45,363	43,063
	367,487	328,703
Leased:		
Cost of sales (Note 24)	8,497	23,022
Distribution cost (Note 25)	5,727	5,412
Administrative expenses (Note 26)	16,373	16,333
	30,597	44,787
	398,084	371,470

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/CLAIM PROCEEDS	MODE OF DISPOSAL	PARTICULARS OF PURCHASERS
------(RUPEES IN THOUSAND)-----						
FREE HOLD LAND						
Johal Godown Land	11,235	-	11,235	11,515	Negotiation	Beacon Impex (Pvt) Limited, Faisalabad.
BUILDING						
Johal Godown Building	10,451	1,690	8,762	10,574	Negotiation	Beacon Impex (Pvt) Limited, Faisalabad.
PLANT & MACHINERY						
Slitching Machines with Accessories	8,154	3,418	4,737	4,634	Negotiation	Baleno Ready Made Garments, Bangladesh.
Boiler Marker With Accessories	4,956	1,975	2,980	2,586	Negotiation	Abdul Ghafoor, Sahiwal.
Generator 250 KVA	2,948	1,190	1,758	1,758	Negotiation	Baleno Ready Made Garments, Bangladesh.
Rotostream Jet Dye Machine	3,894	2,784	1,110	100	Negotiation	Rahat Wool, Rawalpindi.
Bruckner Stenter Machine	2,175	1,230	945	431	Negotiation	Muhammad Riaz, Faisalabad.
Slitching Machines	1,511	757	755	1,509	Negotiation	Zain Exports International, Faisalabad.
OFFICE EQUIPMENT						
Photo Copier Cannon Np-6241	355	271	84	15	Negotiation	MAQ Panasonic Machines, Faisalabad.
VEHICLES						
Toyota Corolla FSM-6666	549	158	391	770	Negotiation	Mr. Shahzad Ashraf, Toba Tek Singh.
Toyota Corolla FSD-1476	1,132	862	270	675	Negotiation	Miss. Rukhshanda, Faisalabad.
Toyota Corolla FSF-576	1,048	802	246	664	Negotiation	Mr. Anwar Latif Awan, (Company Employee)
Toyota Corolla FSE-376	604	368	236	520	Negotiation	Mr. Saeed Ahmad, Khushab.
Suzuki Cultus FSH-8776	411	178	233	395	Negotiation	Mr. Mudassar Hussain Shah, (Company Employee)
Land Cruiser KF-076	7,335	2,865	4,470	6,000	Negotiation	Mr. Shafaqat Ali, Faisalabad.
Honda Civic LEE-07-440	880	149	730	715	Negotiation	Mr. Kamal Anjum, Ex-Company Employee
Toyota Corolla FSL-9176	537	82	455	821	Negotiation	Mr. Asif Sohail Arshad, Jhang.
Toyota Corolla FDA-07-276	1,321	872	449	516	Negotiation	Mr. Mian Naseer Ahmad, Faisalabad.
Suzuki Cultus FSH-9376	324	101	223	325	Negotiation	Mr. Imran Ahmad Bhatti, (Company Employee)
Cuore FSH-8976	336	136	200	401	Negotiation	Mr. Rehman Ikram, Faisalabad.
Suzuki Cultus FSH-7276	341	146	195	325	Negotiation	Mr. Asif Imran, Faisalabad.
Suzuki Cultus FSH-8876	334	145	189	550	Negotiation	Mr. Muhammad Qadir, (Company Employee)
Hyundai Santro FSE-7333	327	146	182	346	Negotiation	Mr. Muhammad Sharif, Faisalabad.
Suzuki Cultus FSE-9786	277	105	172	540	Negotiation	Miss. Tahira Sarwar, Faisalabad.
Cuore FSE-7176	231	96	134	237	Negotiation	Mr. Shabbir Ahmad, (Company Employee)
Cuore FSE-276	313	186	128	435	Negotiation	Mr. Muhammad Taufiq, Ex-Company Employee
Honda City FDZ-6876	420	303	117	419	Negotiation	Mr. Muhammad Rizwan Muneer, (Company Employee)
Cuore FSF-1176	232	115	117	250	Negotiation	Mr. Shahid Mehmood, (Company Employee)
Suzuki Cultus FSA-4376	272	159	113	301	Negotiation	Mr. Shafqat Mehmood, (Company Employee)
Cuore FSB-276	326	221	105	248	Negotiation	Mr. Habib Jeelani, Toba Tek Singh.
Suzuki Cultus FS-1176	258	155	103	290	Negotiation	Mr. Muhammad Aslam, (Company Employee)
Cuore FS-8776	426	329	96	292	Negotiation	Mr. Muhammad Mohsin Raza, Faisalabad.
Suzuki Mehran LXN-9425	234	139	95	234	Negotiation	Mr. Syed Ali Hussain Rizvi, Ex-Company Employee
Suzuki Baleno LXN-6576	277	200	77	450	Negotiation	Miss. Mehwish Zahid, Faisalabad.
Suzuki Mehran FDZ-1876	244	168	76	263	Negotiation	Mr. Wali Muhammad, Ex-Company Employee
Cuore FS-8376	337	268	70	365	Negotiation	Mr. Muhammad Irfan Basharat, (Company Employee)
Toyota Corolla FSE-4476	499	434	65	429	Negotiation	Mr. Muhammad Arshad, Bhawana.
Cuore FSA-1076	154	90	64	195	Negotiation	Mr. Saeed Munir, (Company Employee)
Honda Motor Cycle FDK-12-2080	69	1	68	67	Insurance Claim	The Universal Insurance Company Limited.
Honda Motor Cycle FDQ-11-8006	69	4	65	60	Insurance Claim	The Universal Insurance Company Limited.
Honda Motor Cycle FDP-11-6292	66	6	60	60	Insurance Claim	The Universal Insurance Company Limited.
Toyota Corolla FDT-4876	809	750	59	300	Insurance Claim	Adamjee Insurance Company Limited.

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

2012
(RUPEES IN THOUSAND) 2011

14.2 CAPITAL WORK-IN-PROGRESS

Building	10,313	6,862
Plant and machinery	9,406	144,006
Advances against purchase of land	6,198	2,324
Advances against purchase of machinery	28,843	15,843
	54,760	169,035

14.3 Borrowing cost of Rupees 0.934 million (2011 : Rupees 6.149 million) was capitalized during the year using the capitalization rate of 12.60% per annum (2011 : 11.10% per annum).

15. LONG TERM ADVANCES

Considered good:

Secured:

Advances to employees

Executives (Note 15.1)

Other employees

6,728	5,110
1,025	1,500
7,753	6,610
2,745	2,872
5,008	3,738

Less : Current portion shown under current assets (Note 19)

15.1 Reconciliation of advances given to executives is given below:

Opening balance as at 01 July	5,110	2,268
Add: Disbursement made during the year	3,250	3,400
	8,360	5,668
Less: Recovered during the year	1,632	558
Closing balance as at 30 June	6,728	5,110

15.1.1 Maximum balance due from executives at the end of any month during the year was Rupees 7.125 million (2011 : Rupees 5.248 million).

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

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

Stores	713,125	540,060
Spare parts	137,365	89,024
Loose tools	2,611	1,934
	853,101	631,018

16.1 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable at this stage

	2012 (RUPEES IN THOUSAND)	2011
17. STOCK IN TRADE		
Raw material	1,989,668	1,796,056
Work-in-process	1,506,975	1,317,446
Finished goods (Note 17.1)	1,131,604	1,770,458
Waste	18,336	12,030
	<u>4,646,583</u>	<u>4,895,990</u>
17.1	This includes stocks amounting to Rupees 117.241 million (2011 : Rupees 162.849 million) valued at net realisable value.	
18. TRADE DEBTS		
Considered good:		
Secured against letters of credit	677,207	798,821
Unsecured	2,872,909	2,166,075
	<u>3,550,116</u>	<u>2,964,896</u>
Considered doubtful:		
Others - unsecured	24,832	24,832
Less: Provision for doubtful debts	24,832	24,832
	<u>-</u>	<u>-</u>
18.1	As at 30 June 2012, trade debts of Rupees 175.627 million (2011 : Rupees 150.212 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:	
Upto 1 month	101,216	86,018
1 to 6 months	56,967	49,775
More than 6 months	17,444	14,419
	<u>175,627</u>	<u>150,212</u>
19. LOANS AND ADVANCES		
Considered good:		
Employees - Interest free:		
Against expenses	15,734	12,890
Against salary	39,492	36,652
	55,226	49,542
Current portion of long term advances (Note 15)	2,745	2,872
Advances to suppliers	226,920	132,931
	<u>284,891</u>	<u>185,345</u>
20. SHORT TERM DEPOSITS AND PREPAYMENTS		
Letters of credit	54,351	22,602
Short term prepayments	10,131	10,001
Margin against letters of credit/guarantees	4,956	3,956
Security deposits	2,745	6,838
Income tax	263,617	248,274
	<u>335,800</u>	<u>291,671</u>

	2012	2011
	(RUPEES IN THOUSAND)	
21. OTHER RECEIVABLES		
Considered good:		
Sales tax	268,796	172,143
Export rebates	151,538	122,554
Duty draw back claims	-	28,505
Others	120,961	285,875
	<u>541,295</u>	<u>609,077</u>
22. CASH AND BANK BALANCES		
Cash in hand	2,829	2,313
Cash with banks on:		
Current accounts	230,758	139,546
Saving accounts including US\$ 25,220 (2011 : US\$ 12,214)	691,797	559,557
	922,555	699,103
	<u>925,384</u>	<u>701,416</u>
22.1 Rate of profit on bank deposits ranges from 5% to 11.50% (2011: 5% to 11.30%) per annum.		
23. SALES		
Local	457,240	974,434
Export (Note 23.1)	18,223,028	17,015,918
Waste	530,100	524,343
Knitting / dyeing income	64,425	10,235
	<u>19,274,793</u>	<u>18,524,930</u>
23.1 Exchange gain due to currency rate fluctuation relating to export sales amounting to Rupees 94.950 million (2011 : Rupees 85.767 million) has been included in export sales.		
24. COST OF SALES		
Raw material consumed	8,233,468	9,750,593
Salaries, wages and other benefits	2,352,665	2,171,679
Staff retirement benefits	86,221	65,310
Fuel and power	846,290	714,674
Dyes and chemicals	867,101	839,927
Stores and spare parts	301,553	254,339
Packing materials and other charges	1,234,577	1,511,444
Outside knitting, dyeing and CMT charges	545,725	635,725
Repair and maintenance	380,476	326,139
Insurance	45,417	36,143
Other factory overheads (Note 24.1)	385,950	341,157
Depreciation - owned assets (Note 14.1.2)	321,523	283,113
Depreciation - leased assets (Note 14.1.2)	8,497	23,022
	<u>15,609,463</u>	<u>16,953,265</u>

	2012 (RUPEES IN THOUSAND)	2011
Work-in-process:		
Opening stock	1,317,446	699,067
Closing stock	(1,506,975)	(1,317,446)
	<u>(189,529)</u>	<u>(618,379)</u>
Cost of goods manufactured	15,419,934	16,334,886
Finished goods:		
Opening stock	1,782,488	999,790
Closing stock	(1,149,940)	(1,782,488)
	<u>632,548</u>	<u>(782,698)</u>
	<u>16,052,482</u>	<u>15,552,188</u>

24.1 This includes ijarah (operating lease) rentals amounting to Rupees 5.000 million (2011 : Rupees Nil) of vehicles.

25. DISTRIBUTION COST

Salaries, wages and other benefits	41,570	36,767
Staff retirement benefits	4,743	3,445
Commission to selling agents	394,035	308,894
Insurance	2,900	2,316
Traveling and conveyance	13,046	11,937
Vehicles' running	3,183	2,822
Printing and stationery	511	500
Communication	7,333	6,776
Outward freight and distribution	436,793	449,400
Depreciation - owned assets (Note 14.1.2)	601	527
Depreciation - leased assets (Note 14.1.2)	5,727	5,412
	<u>910,442</u>	<u>828,796</u>

26. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	159,926	139,066
Staff retirement benefits	14,941	12,413
Rent, rates and taxes (Note 26.1)	4,983	4,785
Traveling and conveyance	7,289	6,553
Entertainment	8,335	8,100
Repair and maintenance	2,792	2,557
Vehicles' running	7,381	6,522
Printing and stationery	4,193	3,956
Communication	8,577	7,832
Legal and professional	1,974	7,276
Newspapers and periodicals	83	81
Electricity & sui gas	6,848	5,697
Auditors' remuneration (Note 26.2)	1,202	1,190
Subscription and fee	8,091	7,615
Advertisement	1,455	899
Insurance	6,953	5,890
Miscellaneous	3,764	3,730
Depreciation - owned assets (Note 14.1.2)	45,363	43,063
Depreciation - leased assets (Note 14.1.2)	16,373	16,333
	<u>310,523</u>	<u>283,558</u>

26.1 This includes ijarah (operating lease) rentals amounting to Rupees 3.763 million (2011 : Rupees Nil) of vehicles.

	2012	2011
	(RUPEES IN THOUSAND)	
26.2 Auditors' remuneration		
Annual audit fee	1,000	1,000
Half yearly review fee	100	100
Corporate governance compliance review fee	50	50
Reimbursable expenses	52	40
	<u>1,202</u>	<u>1,190</u>
27. OTHER OPERATING EXPENSES		
Workers' profit participation fund (Note 9.1)	52,720	49,931
Debit balances written off	11,664	2,143
Workers' welfare fund	1,257	942
	<u>65,641</u>	<u>53,016</u>
28. OTHER OPERATING INCOME		
Income from non-financial assets		
Sale of stores and scrap	3,318	3,257
Gain on sale of property, plant and equipment	11,162	9,952
Amortization of deferred income on sale and lease back of operating fixed assets	-	352
	<u>14,480</u>	<u>13,561</u>
Income from financial assets		
Mark-up on saving accounts	48,383	47,088
	<u>62,863</u>	<u>60,649</u>
29. FINANCE COST		
Interest / mark-up on:		
Long term financing	214,702	246,146
Short term borrowings	664,425	563,493
Workers' profit participation fund (Note 9.1)	2,450	2,791
Amortization on long term finance calculated using the effective interest method (Note 6.2)	1,176	6,613
Liabilities against assets subject to finance lease	19,125	26,978
Bank charges and commission	97,460	77,053
	<u>999,338</u>	<u>923,074</u>
30. TAXATION		
Current year	181,762	214,570
Prior year adjustment	(17,898)	408
	<u>163,864</u>	<u>214,978</u>

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. 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		2012	2011
Basic earnings per share			
Profit after taxation	(Rupees in thousand)	<u>835,366</u>	<u>729,969</u>
Weighted average number of ordinary shares	(Numbers)	<u>60 000 000</u>	<u>60 000 000</u>
Earnings per share - Basic	(Rupees)	<u>13.92</u>	<u>12.17</u>
Diluted earnings per share			
Profit after taxation	(Rupees in thousand)	<u>835,366</u>	<u>729,969</u>
Weighted average number of shares	(Numbers)	<u>84 948 470</u>	<u>90 871 781</u>
Earnings per share - Diluted	(Rupees)	<u>9.83</u>	<u>8.03</u>

		2012 (RUPEES IN THOUSAND)	2011
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		999,230	944,947
Adjustments for non-cash charges and other items:			
Depreciation		398,084	371,470
Provision for gratuity		105,904	81,168
Gain on sale of property, plant and equipment		(11,162)	(9,952)
Amortization of deferred income on sale and lease back of operating fixed assets		-	(352)
Debit balances written off		11,664	2,143
Finance cost		999,338	923,074
Working capital changes (Note 32.1)		(1,547,947)	309,794
		<u>955,111</u>	<u>2,622,292</u>
32.1 Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(222,083)	(146,209)
Stock in trade		249,407	(2,106,661)
Trade debts		(585,220)	573,919
Loans and advances		(99,546)	19,707
Short term deposits and prepayments		(28,786)	19,327
Other receivables		56,118	(16,824)
		(630,110)	(1,656,741)
(Decrease) / Increase in current liabilities			
Short term borrowings - net		(1,007,301)	1,776,156
Trade and other payables		89,464	190,379
		(917,837)	1,966,535
		<u>(1,547,947)</u>	<u>309,794</u>
33. EVENTS AFTER THE REPORTING PERIOD			

Board of Directors of the Company have proposed a cash dividend for the ordinary shareholders of the Company for the year ended 30 June 2012 amounting to Rupees 1.75 (2011 : Rupees 1.75) per share and preference dividend for the preference shareholders of the Company amounting to Rupees 1.49 (2011 : Rupees 1.50) per share and approved transfer of Rupees 500 million (2011: Rupees Nil) from Unappropriated Profit to General Reserve of the Company at their meeting held on 04 October 2012. 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 the financial statements for the year for remuneration, allowances including all benefits to the chief executive officer, directors and executives of the Company are as follows:

DESCRIPTION	2012			2011		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----RUPEES IN THOUSAND-----					
Managerial remuneration	2,400	2,060	34,924	2,400	2,057	36,362
House rent	960	828	14,372	960	823	15,020
Other allowances	240	457	13,499	240	447	11,081
	<u>3,600</u>	<u>3,345</u>	<u>62,795</u>	<u>3,600</u>	<u>3,327</u>	<u>62,463</u>
Number of persons	<u>1</u>	<u>4</u>	<u>47</u>	<u>1</u>	<u>4</u>	<u>52</u>

34.1 The chief executive officer, some of the directors and some of the executives are provided free use of Company's maintained vehicles.

34.2 Meeting fee amounting to Rupees 0.100 million (2011 : Rupees 0.100 million) has been paid to non-executive directors.

2012 **2011**
(FIGURES IN THOUSAND)

35. 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 .) 4 383 4 383

KNITTING

Production at normal capacity converted to 30s count based on three shifts per day. (Kgs .) 28 784 28 270

Actual production converted to 30s count based on three shifts per day. (Kgs .) 14 552 14 484

DYEING / FINISHING

Production at normal capacity on reactive dyeing basis at three shifts per day. (Kgs .) 32 364 30 288

Actual production converted on reactive dyeing basis at three shifts per day. (Kgs .) 17 812 17 789

GARMENTS

Production at normal capacity converted on normal / basic garments capacity based on single shift per day. (Dzn.) 5 045 4 951

Actual production converted on normal / basic garments capacity basis on single shift per day (Dzn.) 3 463 3 604

35.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity is due to normal maintenance, gas/electric supply shutdown and initial period of additional installations of production facilities. Knitting machines are available for different types of fabric for which orders are based on seasonal basis resulting under utilization of actual knitting capacity alongwith trial run effect of additional machines installed during the year under reference.

MASOOD TEXTILE MILLS LIMITED

36. SEGMENT INFORMATION

	Spinning		Knitting		Processing & Garments		Elimination of intersegment transactions		Total- Company	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
(RUPEES IN THOUSAND)										
Sales	1,864,481	1,836,814	4,838,084	5,365,314	18,461,018	18,077,870	(5,888,790)	(6,755,068)	19,274,793	18,524,930
Cost of sales	(1,783,373)	(1,594,407)	(4,668,746)	(5,177,851)	(15,489,153)	(15,534,988)	5,888,790	6,755,068	(16,052,482)	(15,552,188)
Gross Profit	81,108	242,407	169,338	187,463	2,971,865	2,542,872	-	-	3,222,311	2,972,742
Distribution cost	(18,839)	(19,686)	(69,658)	(79,876)	(821,945)	(729,234)	-	-	(910,442)	(828,796)
Administrative expenses	(16,925)	(16,813)	(48,881)	(46,552)	(244,917)	(220,193)	-	-	(310,523)	(283,558)
	(35,764)	(36,499)	(118,339)	(126,428)	(1,066,882)	(949,427)	-	-	(1,220,965)	(1,112,354)
Profit before taxation and unallocated income and expenses	45,344	205,908	50,999	61,035	1,905,003	1,593,445	-	-	2,001,346	1,860,388
Unallocated income and expenses:										
Other operating expenses									(65,641)	(53,016)
Other operating income									62,863	60,649
Finance cost									(999,338)	(923,074)
Taxation									(163,864)	(214,978)
Profit after taxation									835,366	729,989

36.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Knitting		Processing & Garments		Total- Company	
	2012	2011	2012	2011	2012	2011	2012	2011
(RUPEES IN THOUSAND)								
Segment Assets	731,723	771,577	1,562,940	1,475,988	7,954,798	7,946,603	10,249,461	10,196,168
Unallocated assets							5,668,751	4,773,624
							15,918,212	14,969,792
Segment Liabilities	65,524	61,788	403,319	496,279	1,992,488	1,804,198	2,481,331	2,362,265
Unallocated Liabilities							8,676,995	8,439,729
							11,158,326	10,801,994

36.2 Geographical Information

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

	2012	2011
(RUPEES IN THOUSAND)		
America & Canada	15,264,337	13,384,974
Europe	1,881,388	2,270,365
Asia, Africa and Australia	1,077,303	1,380,579
Pakistan	1,051,785	1,509,012
	19,274,793	18,524,930

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

36.3 Revenue from major customers

Revenue from major customers of the Company's garments segment represent Rupees 11,003 million (2011 : Rupees 12,338 million). Revenue from other segments of the Company does not include any major customer.



37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2012	2011
Cash at banks - USD	25,220	12,214
Trade debts - USD	36,002,457	31,320,471
Trade and other payable - USD	(414,613)	(2,232,884)
Net exposure - USD	<u>35,613,064</u>	<u>29,099,801</u>

Following exchange rates were applied during the year:

Rupees per US Dollar

Average rate	88.99	85.53
Reporting date rate	94.00	85.85

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 159.012 million (2011 : Rupees 118.665 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company has no interest-bearing assets except for bank balances in saving accounts. The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease and short term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at 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:

	2012	2011
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	928,383	947,804
Liabilities against assets subject to finance lease	-	13,574
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	691,797	559,557
Financial liabilities		
Long term financing	2,269,775	967,681
Liabilities against assets subject to finance lease	147,316	141,749
Short term borrowings	5,088,907	6,096,208

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 64.735 million (2011 : Rupees 63.138 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	3,550,116	2,964,896
Loans and advances	47,245	43,262
Deposits	21,363	15,532
Other receivables	120,961	285,875
Bank balances	922,555	699,103
	<u>4,662,240</u>	<u>4,008,668</u>

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			2012	2011
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3,958	3,893
Allied Bank Limited	A1+	AA	PACRA	78,684	23,056
Askari Bank Limited	A1+	AA	PACRA	5,307	6,618
Bank Alfalah Limited	A1+	AA	PACRA	732	209
First Women Bank Limited	A2	BBB+	PACRA	110	-
Habib Bank Limited	A-1+	AA+	JCR-VIS	10,709	269,954
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	250,232	245,583
Bank Al-Habib Limited	A1+	AA+	PACRA	450	251
MCB Bank Limited	A1+	AA+	PACRA	6,681	22,753
NIB Bank Limited	A1+	AA-	PACRA	2,884	3,151
The Bank of Punjab	A1+	AA-	PACRA	132,088	7,867
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	1,000	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	44,719	11,911
United Bank Limited	A-1+	AA+	JCR-VIS	198,156	16,191
Burj Bank Limited	A-2	A	JCR-VIS	399	-
Summit Bank Limited	A-2	A	JCR-VIS	182,473	86,031
HSBC Bank Middle East Limited	P-1	A1	Moody's	2,712	1,124
Bank Islami Pakistan Limited	A1	A	PACRA	-	96
Meezan Bank Limited	A-1+	AA-	JCR-VIS	1,261	415
				<u>922,555</u>	<u>699,103</u>

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 18.

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

(c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2012, the Company had Rupees 3,636 million (2011 : 2,316 million) available borrowing limits from financial institutions and Rupees 925.384 million (2011: 701.416 million) cash and bank balances. Management believes the liquidity risk to be low.

The following are the contractual maturities of financial liabilities as at 30 June 2012:

Carrying Amount	Contractual Cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
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(Rupees in thousand)

Non-derivative financial liabilities:

Long term financing	3,198,158	4,329,696	482,393	467,017	838,353	2,541,933
Liabilities against assets subject to finance lease	147,316	181,450	27,638	27,313	53,714	72,785
Short term borrowings	5,088,907	5,213,271	3,284,768	1,928,503	-	-
Trade and other payables	2,029,016	2,029,016	1,436,358	592,658	-	-
Accrued mark-up	173,918	173,918	173,918	-	-	-
	<u>10,637,315</u>	<u>11,927,351</u>	<u>5,405,075</u>	<u>3,015,491</u>	<u>892,067</u>	<u>2,614,718</u>

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

Non-derivative financial liabilities:

Long term financing	1,915,485	2,385,110	449,536	431,080	826,693	677,801
Liabilities against assets subject to finance lease	155,323	199,440	32,824	30,744	46,822	89,050
Short term borrowings	6,096,208	6,233,225	4,438,425	1,794,800	-	-
Trade and other payables	1,937,893	1,937,893	1,450,595	487,298	-	-
Accrued mark-up	183,842	183,842	183,842	-	-	-
	<u>10,288,751</u>	<u>10,939,510</u>	<u>6,555,222</u>	<u>2,743,922</u>	<u>873,515</u>	<u>766,851</u>

Short term borrowings and trade and other payables are financial liabilities of revolving nature which will get renewed as part of working capital management.

(d) Capital risk management

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

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

37.2 Fair values of financial assets and liabilities

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



37.3 Financial instruments by categories

	Loans and receivables	
	2012	2011
	(RUPEES IN THOUSAND)	
As at 30 June		
Assets as per balance sheet		
Trade debts	3,550,116	2,964,896
Loans and advances	47,245	43,262
Deposits	21,363	15,532
Other receivables	120,961	285,875
Cash and bank balances	<u>925,384</u>	<u>701,416</u>
	<u><u>4,665,069</u></u>	<u><u>4,010,981</u></u>

	Financial liabilities at amortized cost	
	2012	2011
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	3,198,158	1,915,485
Liabilities against assets subject to finance lease	147,316	155,323
Short term borrowings	5,088,907	6,096,208
Trade and other payables	2,029,016	1,937,893
Accrued mark-up	<u>173,918</u>	<u>183,842</u>
	<u><u>10,637,315</u></u>	<u><u>10,288,751</u></u>

38 DATE OF AUTHORIZATION

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 04 October, 2012.

39 FIGURES

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

40 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

FORM 34

PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2012

- 1. Incorporation Number **12223**
- 2. Name of the Company **MASOOD TEXTILE MILLS LIMITED**
- 3. Pattern of holding of the shares held by the shareholders as at 30.06.2012

4. No. of shareholders	Shareholdings	Total shares held
ORDINARY SHARES:		
660	Shareholding from 1 to 100 Shares	48,587
555	Shareholding from 101 to 500 Shares	129,739
84	Shareholding from 501 to 1000 Shares	68,977
104	Shareholding from 1001 to 5000 Shares	247,561
20	Shareholding from 5001 to 10000 Shares	146,310
6	Shareholding from 10001 to 15000 Shares	77,270
3	Shareholding from 15001 to 20000 Shares	52,250
2	Shareholding from 20001 to 25000 Shares	45,979
4	Shareholding from 25001 to 30000 Shares	116,085
1	Shareholding from 30001 to 35000 Shares	35,000
2	Shareholding from 35001 to 40000 Shares	76,500
1	Shareholding from 55001 to 60000 Shares	56,602
1	Shareholding from 95001 to 100000 Shares	96,423
1	Shareholding from 165001 to 170000 Shares	167,000
1	Shareholding from 195001 to 200000 Shares	196,000
1	Shareholding from 210001 to 215000 Shares	211,000
1	Shareholding from 295001 to 300000 Shares	297,000
1	Shareholding from 370001 to 375000 Shares	373,000
1	Shareholding from 390001 to 395000 Shares	392,750
1	Shareholding from 430001 to 435000 Shares	433,000
1	Shareholding from 445001 to 450000 Shares	447,967
1	Shareholding from 465001 to 470000 Shares	469,170
1	Shareholding from 540001 to 545000 Shares	541,000
1	Shareholding from 550001 to 555000 Shares	550,788
1	Shareholding from 695001 to 700000 Shares	700,000
1	Shareholding from 915001 to 920000 Shares	916,050
1	Shareholding from 1380001 to 1385000 Shares	1,383,750
1	Shareholding from 1910001 to 1915000 Shares	1,912,400
1	Shareholding from 2025001 to 2030000 Shares	2,025,828
1	Shareholding from 2455001 to 2460000 Shares	2,457,078
1	Shareholding from 2895001 to 2900000 Shares	2,900,000
1	Shareholding from 3895001 to 3900000 Shares	3,900,000
1	Shareholding from 4110001 to 4115000 Shares	4,114,000
1	Shareholding from 4590001 to 4595000 Shares	4,593,662
1	Shareholding from 5780001 to 5785000 Shares	5,780,974
1	Shareholding from 5940001 to 5945000 Shares	5,940,300
1	Shareholding from 18095001 to 18100000 Shares	18,100,000
1467	Total	60,000,000



PREFERENCE SHARES:

1	Shareholding from 830001 to 835000 Shares	833,334
1	Shareholding from 1495001 to 1500000 Shares	1,500,000
1	Shareholding from 2495001 to 2500000 Shares	2,500,000
3	Shareholding from 4995001 to 5000000 Shares	15,000,000
1	Shareholding from 9995001 to 10000000 Shares	10,000,000
1	Shareholding from 10995001 to 11000000 Shares	11,000,000
8	Total	40,833,334

5. Categories of shareholders	share held	Percentage
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ORDINARY SHARES:

5.1 Directors, Chief Executive Officer, etc.	1,521,500	2.54
5.2 Associated Companies, undertakings and related parties.	-	-
5.3 NIT and ICP	2,026,678	3.38
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.	5,152,420	8.59
5.5 Insurance Companies	401,444	0.67
5.6 Modarabas and Mutual Funds	474,670	0.79
5.7 Share holders holding 10%	18,100,000	30.16
5.8 General Public		
a. Local	6,910,166	11.52
b. Foreign	-	-
5.9 Others - Joint Stock Companies/Co-operative Societies.	25,413,122	42.35
Total Ordinary Shares	60,000,000	100.00

PREFERENCE SHARES:

5.3 Banks, Development Financial Institutions, Non Banking Financial Institutions.	40,833,334	100.00
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6. Signature of Chief Executive / Secretary

ABDUL BARI HAQQANI

7. Name of Signatory

COMPANY SECRETARY

8. Designation

9. NIC Number

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

10. Date

Day: 04 Month: 10 Year: 2012

**NAMEWISE CATEGORIES OF SHAREHOLDERS
AS ON 30-06-2012**

Name	Shres Held	Total Shares	Percentage
<u>ORDINARY SHARES</u>			
<u>Directors:</u>			
Mr. Shahid Nazir Ahmad	Chairman/CEO	1,383,750	
Mr. Naseer Ahmad Shah	Director	37,500	
Mr. Muhammad Arshad	Director	18,750	
Mr. Fazal Ahmad	Director	30,000	
Mr. Shahid Iqbal	Director	30,000	
Mr. Matloob Hussain	Director	21,500	
Mr. Muhammad Yousaf Memon (NIT Nominee)	Director	-	
		1,521,500	2.54
<u>Shareholders Holding 10% or More:</u>			
Mrs. Nazia Nazir		18,100,000	18,100,000
			30.16
<u>Associated Undertakings:</u>			
<u>Investment Companies:</u>			
Pakistan Kuwait Invstment (Pvt) Limited		2,600	
Investment Corporation of Pakistan		850	
		3,450	0.01
<u>Financial Institutions:</u>			
<u>Banks:</u>			
IDBP (ICP Unit)		3,250	
National Bank Of Pakistan		4,690,085	
National Investment Trust Limited		26,085	
The Bank of Punjab, Treasury Division		433,000	
		5,152,420	8.59
<u>Insurance Companies:</u>			
Agro General Insurance Company Limited		7,594	
Delta Insurance Company Limited		1,100	
State Life Insurance Corporation of Pakistan		392,750	
		401,444	0.67
<u>Modarabas:</u>			
Third Prudential Modaraba		4,900	
Unicap Modaraba		600	
		5,500	0.01
<u>Mutual Fund:</u>			
Golden Arrow Selected Stocks Fund Limited		469,170	
National Bank of Pakistan-Trustee Department NI(U)T Fund		2,025,828	
		2,494,998	4.16



NAME	Shares Held	Total Shares	Percentage
Joint Stock Companies:			
Aizad Corporation (Pvt) Limited	5,780,974		
Beacon Impex (Pvt) Limited	1,912,400		
Darson Securities (Pvt) Limited	1,200		
First Capital Equities Limited	297,000		
Fortress Textiles (Pvt) Limited	2,905,045		
H M Investments (Pvt) Limited	4,900		
Ismail Abdul Shakoor Securities (Pvt) Limited	50		
Kohistan Corporation (Pvt) Limited	3,900,000		
Masood Impex (Pvt) Limited	5,940,300		
Nh Securities (Pvt) Limited	5		
Pasha Securities (Pvt) Limited	100		
Pearl Securities Limited	550,788		
Prudential Capital Management Limited	1,600		
Savari (Pvt) Limited	900		
Software Creations (Pvt) Limited	4,114,000		
Y.S. Securities & Services (Pvt) Limited	160	25,409,422	42.35
General Public:		6,911,266	11.51
TOTAL ORIDINANRY SHARES		60,000,000	100.00
PREFERENCE SHARES			
Banks:			
Askari Bank Limited	-	2,500,000	
CDC - Trustee Pakistan Capital Market Fund	-	833,334	
Habib Bank Limited-Treasury Division	-	10,000,000	
Mcb Bank Limited - Treasury	-	5,000,000	
National Bank Of Pakistan	-	5,000,000	
Silkbank Limited	-	1,500,000	
United Bank Limited-Strategic Portfolio	-	11,000,000	
		35,833,334	87.76
Investment Companies:			
Pakistan Kuwait Investment Comapny (Pvt) Limited	-	5,000,000	12.24
TOTAL PREFERENCE SHARES		40,833,334	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)

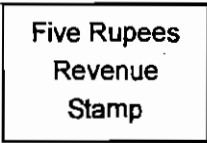
of _____

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held at its Registered office at Universal House, West Canal Road, Farooqabad, Faisalabad on Wednesday, the 31st day of October, 2012 at 11:00 A.M. or any adjournment thereof.

As witnessed my hands this _____ day of _____ 2012

signed by me in the presence of witness: _____

(Signature of witness)
NIC. _____



(Member's Signature)
NIC. _____

Note : Proxies, in order to be effective, must be received at the Company's Registered Office not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.