

# MASOOD TEXTILE MILLS LIMITED



**ACCOUNTS  
FOR THE FIRST QUARTER ENDED  
30 SEPTEMBER 2017**



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# COMPANY INFORMATION

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

# CHAIRMAN'S REVIEW

I am pleased to present the Chairman's Review on the overall performance of the Board. Their collective efforts are reflected through the enclosed financial statements for the first quarter ended 30<sup>th</sup> September, 2017. It expresses the continuation of production efficiency improvements to maintain the profitability of the Company.

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

In view of introducing the package of incentives available only to the manufacturing-cum exporting units, I would advise the Board to take exhaustive measures for enjoying maximum benefits of the incentives by utilizing the available production facilities and enhancing the resultant exports of textile goods. It would not only add to foreign reserves of the country but would also eliminate unemployment amongst our youth. It is hoped that the government would continue to frame business friendly policies in future also.

During the quarter under review, the contribution of the concerned staff remained appreciable while dealing in their respective fields. Moreover, the overall performance of the Board remained satisfactory and the Directors have played their role effectively while fulfilling their responsibilities and achieving the company's objectives.

Faisalabad:  
28 October, 2017

CHAIRMAN

# DIRECTORS' REPORT TO THE MEMBERS

We have the honour to present the un-audited financial statements of the Company for the first quarter ended 30th September, 2017. The subject quarter under review reflects slight improvement in sales over the last corresponding period. Accordingly, our sales increased from Rupees 5,563.812 million to Rupees 5,718.234 million and Gross profit margin increased from Rupees 811.603 million to Rupees 875.322 million as compared with the last corresponding period. The resultant profit after taxation was also improved from Rupees 168.532 million to Rupees 171.850 million. Keeping in view pressure on exports of textile sector, your company has maintained sales due to efficient marketing strategies. Moreover, due to effective cost management, the Company has been able to improve nominal gross profit margin from 14.59 % to 15.31 %.

The role of textile industry is very vital in the economy of Pakistan as it contributes through exports and employment opportunities. Currently, Pakistan textile industry is passing through its difficult times. At present, the higher cost of production, higher taxes, security situation, unfavorable control on currency devaluation, delays in receipt of rebates, high utility prices and lack of modernization have negatively affected the manufacturing of textiles products and exports in foreign markets. On the other hand, our neighboring countries are rapidly filling up the gap due to favorable business conditions available to them.

It is a matter of satisfaction that the government has issued Revised Prime Minister's Package of Incentives for Exporters (textile sector) under which 50 % of the rate of drawback of local taxes and levies shall be provided without condition of increment. However, remaining 50 % of the rate of drawback shall be provided, if the exporter achieves an increase of 10% or more in exports during performance year (fiscal year 2017-18), as compared to the base year (fiscal year 2016-17). However, keeping in view the current pace of exports and circumstances prevailing in the economy of our country, the condition of growth should be abolished and concentration should be made on creating favorable environment for textile exports. Further, the government should take measures to ensure timely disbursement of funds and ultimate payment to exporters of these drawback claims. Under the circumstances, it is expected that the company's performance will improve further in future.

The directors wish to express their appreciation to the dedicated employees who continue to play a pivotal role in the commercial operations of the company and also thankful to the bankers for their continuous support.

Faisalabad:  
28 October, 2017

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CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

## ڈائریکٹرز رپورٹ برائے ممبران

ہم کمپنی کی 30 ستمبر 2017 کو اختتام پذیر ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ مالی گوشوارے کو پیش کرنے کا اعزاز حاصل کر رہے ہیں۔ زیر بحث سہ ماہی کی پچھلی اسی مدت کے مقابلے میں فروخت میں معمولی بہتری رہی۔ اسی طرح ہماری فروخت پچھلی اسی مدت کے مقابلے میں 5563.812 ملین روپے سے 5718.234 ملین روپے تک بڑھ گئی۔ اور مجموعی منافع 811.603 ملین روپے سے بڑھ کر 875.322 ملین روپے ہو گیا ہے۔ اسی طرح منافع بعد از ٹیکس بھی 168.532 ملین روپے سے بڑھ کر 171.850 ملین روپے ہو گیا۔ ٹیکسٹائل انڈسٹری میں برآمدات پر دباؤ کے باوجود آپ کی کمپنی مارکیٹنگ میں موثر حکمت عملی کے ذریعے فروخت میں بہتری لائی ہے۔ مزید برآں لاگت کے موثر انتظام کے ذریعے کمپنی نے مجموعی منافع کی فروخت کی شرح %14.59 سے %15.31 تک بہتری کی۔

ٹیکسٹائل انڈسٹری نے اپنی برآمدات اور روزگار کے مواقع کے ذریعے ملک کی معیشت میں بہت اہم کردار ادا کیا ہے۔ حال ہی میں پاکستان کی ٹیکسٹائل انڈسٹری اپنے مشکل دور سے گزر رہی ہے، موجودہ دور میں پیداوار کی لاگت میں اضافہ، ٹیکسوں میں اضافہ، امن و امان کی صورت حال، روپے کی قدر میں کمی پر غیر سود مند کنٹرول، ٹیکسوں کی واپسی میں تاخیر، ٹیٹیلی کی قیمت میں اضافہ اور جدت پسندی کی کمی نے ٹیکسٹائل مصنوعات کی پیداوار اور فروخت پر منفی اثرات مرتب کئے ہیں۔ دوسری جانب ہمارے پڑوسی ممالک موزوں کاروباری حالات کی وجہ سے اس خلاء کو تیزی سے پُر کر رہے ہیں۔

یہ امر قابل اطمینان ہے۔ کہ حکومت نے برآمد کنندگان کے لئے وزیراعظم کے رعایتی پیکیج کا دوبارہ اجراء کیا ہے۔ جس کے تحت %50 مقامی ٹیکسوں کی واپسی کو مزید برآمدات میں اضافے سے غیر مشروط کر دیا گیا ہے۔ تاہم باقی ماندہ %50 مقامی ٹیکسوں کو برآمدات کے مقابلے میں %10 اضافے کے ساتھ مشروط کر دیا گیا ہے۔ تاہم ہمارے ملک کی موجودہ اقتصادی صورت حال اور برآمدات کی رفتار کو مدنظر رکھتے ہوئے اس اضافے کی شرط کو ختم کر دینا چاہیے اور ٹیکسٹائل کی برآمدات کو موزوں ماحول فراہم کرنے کی خاص ضرورت ہے۔ مزید برآں حکومت کو فنڈز کی بروقت ادائیگی کے لئے اقدامات کرنے چاہئے۔ تاکہ برآمد کنندگان کو ٹیکسوں کی واپسی ممکن ہو سکے۔ موجودہ صورت حال کے تحت امید کی جاتی ہے کہ کمپنی کی کارکردگی مستقبل میں مزید بہتر ہوگی۔

ڈائریکٹرز اپنے ملازمین کی مسلسل محنت اور کاوش کے معترف ہیں۔ اور بینکرز کے مسلسل تعاون پر بھی شکر گزار ہیں۔

فیصل آباد

از طرف بورڈ

28 اکتوبر 2017ء

چیف ایگزیکٹو آفیسر

ڈائریکٹر

# MASOOD TEXTILE MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2017

		UN-AUDITED	AUDITED
	Note	30 Sep 2017	30 June 2017
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
125 000 000 (30 June 2017: 125 000 000)			
ordinary shares of Rupees 10 each		1,250,000	1,250,000
60 000 000 (30 June 2017: 60 000 000)			
preference shares of Rupees 10 each		600,000	600,000
		<u>1,850,000</u>	<u>1,850,000</u>
<b>Issued, subscribed and paid up share capital</b>	5	986,666	986,666
<b>Reserves</b>		<u>7,632,549</u>	<u>7,460,699</u>
<b>Total Equity</b>		8,619,215	8,447,365
Surplus on revaluation of freehold land		900,234	900,234
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	5,124,020	5,119,282
Liabilities against assets subject to finance lease		16,102	22,657
Deferred liability for gratuity		651,907	609,886
		<u>5,792,029</u>	<u>5,751,825</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,077,756	1,971,985
Accrued mark-up		151,002	126,698
Short term borrowings		9,446,915	8,907,948
Current portion of non-current liabilities		775,081	686,368
Provision for taxation		161,372	106,187
		<u>12,612,126</u>	<u>11,799,186</u>
<b>TOTAL LIABILITIES</b>		18,404,155	17,551,011
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>27,923,604</u>	<u>26,898,610</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	8,837,647	8,377,317
Long term advances		7,410	8,149
Long term security deposits		44,787	47,387
		<u>8,889,844</u>	<u>8,432,853</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,292,466	1,312,255
Stock-in-trade		7,382,722	6,916,511
Trade debts		5,833,553	5,618,714
Loans and advances		424,055	354,523
Short term deposits and prepayments		818,005	688,858
Other receivables		2,305,158	2,672,080
Cash and bank balances		977,801	902,816
		<u>19,033,760</u>	<u>18,465,757</u>
<b>TOTAL ASSETS</b>		<u>27,923,604</u>	<u>26,898,610</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2017**  
**(UN-AUDITED)**

	<b>30 Sep 2017</b>	<b>30 Sep 2016</b>
	<b>(Rupees in Thousand)</b>	
<b>REVENUE</b>	5,718,234	5,563,812
<b>COST OF SALES</b>	(4,842,912)	(4,752,209)
<b>GROSS PROFIT</b>	875,322	811,603
<b>DISTRIBUTION COST</b>	(380,587)	(367,155)
<b>ADMINISTRATIVE EXPENSES</b>	(121,823)	(119,801)
<b>OTHER EXPENSES</b>	(1,522)	(12,393)
<b>OTHER INCOME</b>	55,245	51,730
<b>FINANCE COST</b>	(199,601)	(132,571)
<b>PROFIT BEFORE TAXATION</b>	227,034	231,413
<b>TAXATION</b>	(55,184)	(62,881)
<b>PROFIT AFTER TAXATION</b>	171,850	168,532
<b>EARNINGS PER SHARE - BASIC (RUPEES)</b>	2.45	2.70
<b>- DILUTED (RUPEES)</b>	2.32	2.61

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

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 CHIEF EXECUTIVE OFFICER

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 DIRECTOR

\_\_\_\_\_  
 CHIEF FINANCIAL OFFICER

**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2017**  
**(UN-AUDITED)**

	<b>30 Sep 2017</b>	<b>30 Sep 2016</b>
	<b>(Rupees in Thousand)</b>	
PROFIT AFTER TAXATION	171,850	168,532
OTHER COMPREHENSIVE INCOME		
<b>Items that will not be reclassified subsequently to profit or loss:</b>	-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>	-	-
Other comprehensive income for the period	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>171,850</b>	<b>168,532</b>

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

\_\_\_\_\_  
 CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
 DIRECTOR

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 CHIEF FINANCIAL OFFICER

**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2017**  
**(UN-AUDITED)**

	Note	30 Sep 2017	30 Sep 2016
<b>(Rupees in Thousand)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	308,571	1,089,743
Finance cost paid		(175,297)	(145,745)
Income tax paid		(60,779)	(78,490)
Dividend paid to ordinary shareholders		-	(1)
Gratuity paid		(17,466)	(14,153)
Net decrease in long term advances		740	87
Net decrease in long term security deposits		2,600	7,806
<b>Net cash generated from operating activities</b>		<b>58,369</b>	<b>859,246</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		8,150	2,857
Capital expenditure on property, plant and equipment		(617,396)	(141,473)
<b>Net cash used in investing activities</b>		<b>(609,246)</b>	<b>(138,616)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		295,100	138,224
Repayment of long term financing		(192,534)	(163,490)
Repayment of preference shares		-	(36,667)
Repayment of liabilities against assets subject to finance lease		(15,671)	(9,855)
Short term borrowings - net		538,967	(513,616)
<b>Net cash from / (used in) from financing activities</b>		<b>625,862</b>	<b>(585,404)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>74,985</b>	<b>135,226</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>902,816</b>	<b>1,226,653</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>977,801</b>	<b>1,361,879</b>

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

**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2017**  
**(UN-AUDITED)**

(Rupees in Thousand)

	Reserves							Total Equity	
	Capital			Revenue			Total		
	Share Premium	Redemption Fund	Sub Total	General	Unappropriated profit	Sub Total			
Balance as at 30 June 2016-Audited	948,333	400,000	128,333	528,333	714,500	4,632,722	5,347,222	5,875,555	6,823,888
Transfer from capital redemption reserve fund	-	-	(36,667)	(36,667)	-	36,667	36,667	-	-
Preference shares repaid	(36,667)	-	-	-	-	-	-	-	(36,667)
Profit after taxation for the three months ended 30 Sep 2016	-	-	-	-	-	168,532	168,532	168,532	168,532
Other comprehensive income for the three months ended 30 Sep 2016	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2016	-	-	-	-	-	168,532	168,532	168,532	168,532
Balance as at 30 Sep 2016-Unaudited	911,666	400,000	91,666	491,666	714,500	4,837,921	5,552,421	6,044,087	6,955,753
Transfer to capital redemption reserve fund	-	-	36,667	36,667	-	(36,667)	(36,667)	-	-
Dividend at the rate of Rupees 4.40 per share (Ordinary shares)	-	-	-	-	-	(264,000)	(264,000)	(264,000)	(264,000)
Dividend at the rate of Rupees 0.88 per share (Preference shares)	-	-	-	-	-	(30,655)	(30,655)	(30,655)	(30,655)
Issue of 12.50 % right shares at premium of Rupees 130 per share	75,000	975,000	-	975,000	-	-	-	975,000	1,050,000
Profit after taxation for the nine months ended 30 June 2017	-	-	-	-	-	718,469	718,469	718,469	718,469
Other comprehensive income for the nine months ended 30 June 2017	-	-	-	-	-	17,798	17,798	17,798	17,798
Total comprehensive income for the nine months ended 30 June 2017	-	-	-	-	-	736,267	736,267	736,267	736,267
Balance as at 30 June 2017-Audited	986,666	1,375,000	128,333	1,503,333	714,500	5,242,866	5,957,366	7,460,699	8,447,365
Profit after taxation for the three months ended 30 Sep 2017	-	-	-	-	-	171,850	171,850	171,850	171,850
Other comprehensive income for the three months ended 30 Sep 2017	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2017	-	-	-	-	-	171,850	171,850	171,850	171,850
Balance as at 30 Sep 2017-Unaudited	986,666	1,375,000	128,333	1,503,333	714,500	5,414,716	6,129,216	7,632,549	8,619,215

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**MASOOD TEXTILE MILLS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2017**  
**(UN-AUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

Masood Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). Its registered office is situated at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the Company are manufacturing and sale of cotton / synthetic fiber yarn, knitted / dyed fabrics and garments.

**2. BASIS OF PREPARATION**

This condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the repealed Companies Ordinance, 1984. This condensed interim financial information of the Company for the three months ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2017.

**3. ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and methods of computation for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

**5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

<b>UN-AUDITED</b>	<b>AUDITED</b>		<b>UN-AUDITED</b>	<b>AUDITED</b>
<b>30 Sep</b>	<b>30 June</b>		<b>30 Sep</b>	<b>30 June</b>
<b>2017</b>	<b>2017</b>		<b>2017</b>	<b>2017</b>
<b>(Number of Shares)</b>			<b>(Rupees in thousand)</b>	
67 500 000	67 500 000	Ordinary shares of Rupees 10 each fully paid in cash	675,000	675,000
31 166 668	31 166 668	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash	311,666	311,666
<u>98 666 668</u>	<u>98 666 668</u>		<u>986,666</u>	<u>986,666</u>

5.1 17 396 833 ordinary shares (30 June 2017: 17 396 833) of the company are held by Shanghai Challenge Textile Company Limited - Associated company.

<b>UN-AUDITED</b>	<b>AUDITED</b>
<b>30 Sep</b>	<b>30 June</b>
<b>2017</b>	<b>2017</b>
<b>(Rupees in thousand)</b>	

## 6. LONG TERM FINANCING-SECURED

Opening balance	5,776,320	1,853,485
Add: Obtained during the period / year	295,100	4,714,588
Less: Repaid during the period / year	192,534	791,753
	5,878,886	5,776,320
Less: Current portion shown under current liabilities	754,866	657,038
	5,124,020	5,119,282

## 7. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Guarantees of Rupees 132.045 million ( 30 June 2017: Rupees 107.045 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Total Parco Pakistan Limited against fuel cards.
- ii) The Company has challenged, before Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1) / 2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. Lahore High Court, Lahore has issued stay order in favour of the Company. Consequently, the Company has accounted for input sales tax amounting to Rupees 75.206 million (30 June 2017: Rupees 51.994 million) paid on such items as receivable balance. The Company is confident on positive outcome of the appeal, on the advice of legal counsel.

### b) Commitments

- i) Contracts for capital expenditure are amounting to Rupees 491.065 million (30 June 2017: Rupees 508.558 million ) and other than capital expenditure are Rupees 315.271 million (30 June 2017: Rupees 208.687 million).
- ii) Ijarah (operating lease) commitments amounting to Rupees 54.133 million (30 June 2017: Rupees 60.298 million).

## 8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	8,184,200	7,796,407
Assets subject to finance lease (Note 8.2)	67,242	108,022
Capital work-in-progress	586,205	472,888
	8,837,647	8,377,317

### 8.1 Operating Fixed Assets

Opening book value	7,796,407	6,450,508
Add:		
Cost of additions during the period/year (Note 8.1.1)	504,079	1,874,619
Book value of assets transferred from assets subject to finance lease	38,715	13,771
	8,339,201	8,338,898
Less:		
Book value of deletions during the period/year (Note 8.1.2)	5,046	46,520
	8,334,155	8,292,378
Less: Depreciation charged during the period/year	149,955	495,971
	8,184,200	7,796,407

	<b>UN-AUDITED</b> <b>30 Sep</b> <b>2017</b> <b>(Rupees in thousand)</b>	<b>AUDITED</b> <b>30 June</b> <b>2017</b>
<b>8.1.1 Cost of additions during the period / year</b>		
Buildings on freehold land	56,000	176,430
Plant and machinery	402,874	1,489,892
Electric and gas installations	25,998	121,078
Factory equipment	1,547	7,035
Telephone installations	28	547
Furniture and fixtures	6,598	24,425
Office equipment	559	147
Computer equipment	4,564	25,223
Vehicles	5,911	29,842
	<u>504,079</u>	<u>1,874,619</u>
<b>8.1.2 Book value of deletions during the period / year</b>		
Buildings on freehold land	-	5,999
Plant and machinery	2,332	5,109
Electric and gas installations	-	2,801
Factory equipment	-	624
Furniture and fixtures	-	7,456
Computer equipment	-	685
Vehicles	2,714	23,846
	<u>5,046</u>	<u>46,520</u>
<b>8.2 Assets subject to finance lease</b>		
Opening book value	108,022	137,474
Less: Book value of assets transferred to operating fixed assets ( Note 8.2.1 )	<u>38,715</u>	<u>13,771</u>
	69,307	123,703
Less: Depreciation charged for the period / year	<u>2,065</u>	<u>15,681</u>
	<u>67,242</u>	<u>108,022</u>
<b>8.2.1 Book value of assets transferred to operating fixed assets</b>		
Plant and machinery	36,184	-
Vehicles	2,531	13,371
	<u>38,715</u>	<u>13,371</u>
<b>9. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	227,034	231,413
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	152,020	117,550
Provision for gratuity	52,266	44,316
Gain on sale of property, plant and equipment	(3,104)	(1,542)
Finance cost	199,601	132,571
Working capital changes (Note 9.1)	(319,246)	565,435
	<u>308,571</u>	<u>1,089,743</u>
<b>9.1 Working capital changes</b>		
<b>(Increase)/decrease in current assets:</b>		
Stores, spare parts and loose tools	19,789	(64,106)
Stock in trade	(466,211)	(463,687)
Trade debts	(214,839)	684,729
Loans and advances	(69,532)	(32,118)
Short term deposits and prepayments	(68,368)	(45,889)
Other receivables	366,922	185,794
	(432,239)	264,723
Increase in trade and other payables	112,993	300,712
	<u>(319,246)</u>	<u>565,435</u>

## 10. SEGMENT INFORMATION

### 10.1 Segment results

Spinning		Knitting		Processing & Garments		Elimination of inter-segment transactions		Total - Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
1st Quarter ended		1st Quarter ended		1st Quarter ended		1st Quarter ended		1st Quarter ended	
30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016

(Rupees in thousand)

#### Revenue

External	302,689	205,709	48,994	3,897	5,366,551	5,354,206	-	-	5,718,234	5,563,812
Intersegment	444,513	419,908	2,589,522	2,221,658	4,312	8,851	(3,038,347)	(2,650,418)	-	-
	747,202	625,617	2,638,516	2,225,555	5,370,863	5,363,057	(3,038,347)	(2,650,418)	5,718,234	5,563,812
Cost of sales	(725,660)	(608,507)	(2,538,220)	(2,156,108)	(4,617,379)	(4,638,012)	3,038,347	2,650,418	(4,842,912)	(4,752,209)
Gross profit	21,542	17,110	100,296	69,447	753,484	725,045	-	-	875,322	811,603
Distribution cost	(9,897)	(9,646)	(35,663)	(29,450)	(335,027)	(328,059)	-	-	(380,587)	(367,155)
Administrative expenses	(7,736)	(5,873)	(24,584)	(18,663)	(89,503)	(95,264)	-	-	(121,823)	(119,801)
	(17,633)	(15,519)	(60,247)	(48,113)	(424,530)	(423,323)	-	-	(502,410)	(486,956)

Profit before taxation  
and unallocated income  
and expenses

3,909    1,591    40,049    21,334    328,954    301,722    -    -    372,912    324,647

#### Unallocated income and expenses:

Other expenses									(1,522)	(12,393)
Other income									55,245	51,730
Finance cost									(199,601)	(132,571)
Taxation									(55,184)	(62,881)
Profit after taxation									171,850	168,532



## 10.2 Reconciliation of reportable segment assets and liabilities:

Spinning		Knitting		Processing & Garments		Total - Company	
Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
30 Sep 2017	30 Jun 2017	30 Sep 2017	30 Jun 2017	30 Sep 2017	30 Jun 2017	30 Sep 2017	30 Jun 2017

(Rupees in thousand)

Segment Assets	1,674,464	1,978,453	2,654,828	2,810,236	13,183,543	11,819,798	17,512,835	16,608,487
Unallocated assets							10,410,769	10,290,123
Total assets as per balance sheet							27,923,604	26,898,610
Segment Liabilities	122,001	118,635	300,286	328,189	2,458,378	2,261,746	2,880,665	2,708,570
Unallocated liabilities							15,523,490	14,842,441
Total liabilities as per balance sheet							18,404,155	17,551,011

## 11. TRANSACTIONS WITH RELATED PARTIES

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

(Rupees in thousand)

Un-audited	
Quarter Ended	
30 Sep 2017	30 Sep 2016

### Other related parties

Remuneration paid to Chief Executive Officer,  
Directors and Executives

78,581 71,195

## 12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

## 13. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on 28 October, 2017 by the Board of Directors of the Company.

#### **14. CORRESPONDING FIGURES**

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

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

#### **15. GENERAL**

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER



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