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**Masood** Textile Mills Ltd.

**ACCOUNTS  
FOR THE FIRST QUARTER ENDED  
30 SEPTEMBER 2019**

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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. SHABIR AHMAD ABID (Independent Director) : MR. SHAHID IQBAL (Independent Director) : MR. SHOAIB AHMAD KHAN (Nominee-NIT) : MS CHEN YAN (Nominee-Shanghai Challenge Textile Co. Ltd.) : MR. SHIBIN YANG (Nominee-Shanghai Challenge Textile Co. Ltd.)
<b>COMPANY SECRETARY</b>	: Mr. NISAR AHMAD ALVI
<b>CHIEF FINANCIAL OFFICER</b>	: MR. MUHAMMAD SHAHID NAVEED
<b>AUDIT COMMITTEE</b>	: MR. SHABIR AHMAD ABID (Chairman) : MR. NASEER AHMAD SHAH : MR. SHAHID IQBAL
<b>HR &amp; REMUNERATION COMMITTEE</b>	: MR. SHAHID IQBAL (Chairman) : MR. SHAHID NAZIR AHMAD : MR. SHABIR AHMAD ABID
<b>AUDITORS</b>	: M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
<b>SHARE REGISTRAR</b>	: CORPTEC ASSOCIATE (PVT) LIMITED 503-E, JOHAR TOWN , LAHORE. PHONE: 042-35170336-7 FAX: 042-35170338 WEB: www.corptec.com.pk
<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.

## DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors is pleased to present the un-audited condensed interim financial results of the Company for the 1st quarter ended 30 September 2019.

### FINANCIAL HIGHLIGHTS:

The financial results of the Company for the period ended 30 Sep 2019 are as follow:

	30 Sep 2019	30 Sep 2018
	(Rupees in Thousand)	
REVENUE	9,298,687	6,396,249
COST OF SALES	(7,528,845)	(5,424,576)
GROSS PROFIT	1,769,842	971,673
DISTRIBUTION COST	(704,409)	(504,264)
ADMINISTRATIVE EXPENSES	(174,379)	(136,628)
OTHER EXPENSES	(186,566)	(15,760)
OTHER INCOME	96,826	207,776
FINANCE COST	(371,517)	(250,753)
PROFIT BEFORE TAXATION	429,797	272,044
TAXATION	(127,877)	(70,446)
PROFIT AFTER TAXATION	301,920	201,598
EARNINGS PER SHARE - BASIC (RUPEES)	4.30	2.88
- DILUTED (RUPEES)	3.94	2.71

For the first quarter ended 30th September 2019, Revenue has been increased to Rs.9.298 billion as compared to Rs. 6.396 billion during the corresponding first quarter of previous financial year, registering an increase of 45.38%. Your Company earned net profit after taxation Rs. 301.920 million, compared to net profit of Rs. 201.598 million earned during the corresponding period. The basic earnings per share for the 1st quarter is Rs. 4.30 compared to Rs. 2.88 during the corresponding period.

### INDUSTRY / MARKET OVERVIEW:

Overall performance of the industry has not been sparkling and the industry has been struggling throughout the period due to high prices of raw material / energy cost, compatible prices of textile products, increase in taxes and blockage of refunds. FBR has further loaded the taxpaying industry and have almost squeezed the industry to its last ebb. In spite of all these factors your company's journey continued successfully. However, we are putting our best efforts to utilize our expertise positively in the future.

In July-September, knitwear exports climbing. In terms of volume, exports from the value-added sector also increased. Likewise, exports of readymade garments increased both in terms of value and volume. Readymade garment exports increased 11.4 percent to \$667.361 million. Quantity-wise, there was a hefty 36.6 percent growth year-on-year in the first three months of the current fiscal year.

## **FUTURE OUTLOOK**

Despite the challenging scenarios of increased raw material cost and energy prices, your Company is optimistic for its future outlook. Government of Pakistan has shown strong commitment towards improving textile sector. The measures that the Government has undertaken to bring the undocumented industry in the light may be just but these are hurting the economy overall. The undocumented and documented manufacturers/suppliers/buyers fall in the same supply chain. The Government should relax the tough conditions that have halted the economic activity. All of these factors are expected to give boost to overall textile sector and to exporters in particular. However, the government should take necessary measures to ensure the timely release of sales taxes and DDT refunds. With these improvements, we expect better profit margins for the financial year 2019-2020. The Company will remain focused on delivering enduring value for all its stakeholders by strengthening and building relationships and proactively exploring opportunities.

## **COMPOSITION OF BOARD**

<b>Total Number of Directors:</b>	07
(a) Male	06
(b) Female	01
Composition:	
(i) Independent Directors	02
(ii) Other Non-Executive Directors	04
(iii) Executive Director	01

## **Committees of the Board**

### **Audit Committee of the Board:**

<b>Sr.#</b>	<b>Name of Directors</b>	
1.	Mr. Shabir Ahmad Abid	Chairman/Member
2.	Mr. Naseer Ahmad Shah	Member
3.	Mr. Shahid Iqbal	Member

### **Human Resource & Remuneration (HR&R) Committee:**

<b>Sr.#</b>	<b>Name of Directors</b>	
1.	Mr. Shahid Iqbal	Chairman/Member
2.	Mr. Shahid Nazir Ahmad	Member
3.	Mr. Shabir Ahmad Abid	Member

### **Directors' Remuneration:**

The Company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive have been disclosed in note 10 of the annexed financial statements.

### **Acknowledgement**

The Board places on record its appreciation for the support of its shareholders, banks and customers whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. We would also like to highlight the hard work and diligence of the Company's Senior Management, support staff and the production workers. We look forward to same dedication and cooperation from them in the future as well.

Faisalabad:  
29th October, 2019

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

\_\_\_\_\_  
DIRECTOR

## ممبران کے لئے ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 30 ستمبر 2019 کو اختتام پذیر ہونے والی سرمایہ کے غیر آڈٹ شدہ مالی نتائج پیش کرنے پر خوش ہیں۔

### مالی نتائج:

کمپنی کے مالی نتائج کا موازنہ درج ذیل ہے۔

تفصیل	30 ستمبر 2019	30 ستمبر 2018
روپے ہزاروں میں	روپے ہزاروں میں	
آمدنی	9,298,687	6,396,249
لاگت سبز	(7,528,845)	(5,424,576)
مجموعی نفع	1,769,842	971,673
ڈسٹری بیوٹن خرچہ	(704,409)	(504,264)
کاروبار کے انتظامی اخراجات	(174,379)	(136,628)
دیگر اخراجات	(186,566)	(15,760)
دیگر آمدن	96,826	207,776
مالی لاگت	(371,517)	(250,753)
نفع ٹیکس سے پہلے	429,797	272,044
ادا کردہ ٹیکسز	(127,877)	(70,446)
نفع ٹیکس کی ادائیگی کے بعد	301,920	201,598
آمدن فی حصص بنیادی (روپیہ)	4.30	2.88
آمدن فی حصص ڈائیکوٹ اکی کر کے (روپیہ)	3.94	2.71

30 ستمبر 2019 کو اختتام ہونے والی پہلی سرمایہ کے دوران فروخت 9,298 روپے رہی جب کہ اسی دوران یہ کے لئے گزشتہ سال 6,396 روپے تھی، جس میں اس دوران 45.38 فیصد کا اضافہ ریکارڈ کیا گیا۔ آپ کی کمپنی نے بعد از ٹیکس ادائیگی کے 301,920 ملین روپے خالص منافع کمایا جبکہ پچھلی اسی مدت کے دوران 201,598 ملین روپے خالص منافع کمایا تھا۔ بنیادی آمدن فی حصص 4.30 روپے رہی جو کہ اسی دوران یہ کے لئے گزشتہ سال 2.88 روپے تھی۔

### صنعت امارکیت کا جائزہ

صنعت کی مجموعی کارکردگی شاندار تھی اور اس عرصہ میں خام مال / توانائی کے اخراجات کی بلند قیمتوں، ٹیکسٹائل مصنوعات کی قیمتوں میں مقابلہ ٹیکسوں میں اضافہ اور ریغینڈ کی ادائیگی میں رکاوٹ کی وجہ سے صنعت مسلسل تکلیف کا شکار رہی اور جدوجہد کرتی نظر آئی۔ ایف۔ بی۔ آر نے ٹیکس ادا کرنے والی صنعتوں پر مزید بھاری بھارے ٹیکس لاگو کر دیے ہیں اور یہ صنعت قریب قریب بند ہونے کے دباؤ میں ہے۔ ان تمام عوامل کے باوجود آپ کی کمپنی کا سفر کامیابی کے ساتھ جاری رہا۔ تاہم مستقبل قریب میں ہم اپنی مہارتوں سے بھرپور استعداد حاصل کرنے کے لئے پرامید ہیں اور اس کے لئے ہم ہر ممکن کوشش کریں گے۔

جولائی تا ستمبر 2019 میں اضافہ رہا۔ حجم کے لحاظ سے، ویلیو ایڈڈ ٹیکس کی برآمدات میں اضافہ ہوا ہے اسی طرح ریڈی میڈ گارمنٹس کی برآمدات میں 11.14 فیصد اضافے سے برآمدات 667.361 ملین ڈالر ہو گئی ہے۔ مقدار اور قیمت کے حساب سے، رواں مالی سال کے پہلے تین مہینوں میں گزشتہ سال کی نسبت 36.6 فیصد اضافہ ریکارڈ کیا گیا۔

### مستقبل کا نقطہ نظر:

خام مال اور توانائی کی بڑھتی ہوئی قیمتوں جیسی مشکلات کے باوجود، آپ کی کمپنی اپنے بہتر مستقبل کے لئے پرامید ہے۔ حکومت پاکستان نے ٹیکسٹائل کے شعبے میں بہتری لانے کے لئے مضبوط عزم کا مظاہرہ کیا ہے۔ حکومت غیر دستاویزی صنعت کو ٹیکس ٹیٹ میں لانے کے لئے اقدامات کر رہی ہے، لیکن یہ مجموعی طور پر معیشت کے لئے مشکلات پیدا کر رہے ہیں۔ کیوں کہ غیر دستاویزی اور دستاویزی تیار کنندگان / سپلائرز / خریدار ایک ہی چیلن میں آتے ہیں۔ حکومت کو سخت شرائط میں نرمی کرنی چاہیے تاکہ معیشت کا پیہ چلے۔ ان تمام عوامل سے مجموعی طور پر ٹیکسٹائل کے شعبے اور خاص طور پر برآمد کنندگان کو فروغ ملے گا۔ تاہم حکومت کو چاہیے کہ بروقت بلٹیکس اور DDT ریغینڈ کی ادائیگی کو یقینی

بنانے کے لیے ضروری اقدامات کرے۔ ان بہتریوں کے ساتھ، ہم مالی سال 2019-2020 کے منافع مارجن کی بہتری کی توقع کرتے ہیں۔ کمپنی اپنے تمام اسٹیک ہولڈرز کے ساتھ تعلقات کو مضبوط بنانے اور استوار رکھنے کے ساتھ ساتھ ان کی کامیابی کے لئے مواقع کی تلاش پر توجہ مرکوز رکھے گی۔

بورڈ کی ترتیب:

7 ڈائریکٹرز کی کل تعداد

6 (a) مرد

1 (b) عورت

ترتیب

2 (i) آزاد ڈائریکٹرز

4 (ii) دیگر نان ایگزیکٹو

1 (iii) ایگزیکٹو

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	جناب شبیر احمد عابد (آزاد ڈائریکٹر) چیئر مین
2	جناب نصیر احمد شاہ (نان ایگزیکٹو ڈائریکٹر)
3	جناب شاہد اقبال (آزاد ڈائریکٹر)

انسانی وسائل اور معاوضہ کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب شاہد اقبال (آزاد ڈائریکٹر) چیئر مین
2	جناب شاہد ہندیر احمد (ایگزیکٹو ڈائریکٹر)
3	جناب شبیر احمد عابد (آزاد ڈائریکٹر)

ڈائریکٹر کا معاوضہ :

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو اجلاس فیس کے علاوہ معاوضہ ادا نہیں کرتی۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے گئے معاوضہ کی مجموعی رقم منسلک مالی حسابات کے نوٹ 10 میں درج کی گئی ہے۔

اظہار تشکر اور اعتراف :

بورڈ اپنے قابل قدر حصص ہولڈرز، بینکوں اور صارفین کی مدد و بچہ داد دہی کرتا ہے جن کے تعاون، مسلسل مدد اور سرپرستی سے کمپنی کو مسلسل بہتری کے لئے جدوجہد کرنے کا اہل بنا دیا ہے۔ ہم کمپنی انتظامیہ کی کاوشوں اور کارکنوں کی سخت محنت کو سراہتے ہیں اور امید کرتے ہیں کہ مستقبل قریب میں بھی اسی لگن اور محنت سے کام کرتے رہیں گے۔

از طرف بورڈ

فیصل آباد

ڈائریکٹر

چیف ایگزیکٹو آفیسر

29 اکتوبر، 2019



## MASOOD TEXTILE MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Note	UN-AUDITED 30 Sep 2019	AUDITED 30 June 2019
(Rupees in Thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
125 000 000 (30 June 2019: 125 000 000)			
ordinary shares of Rupees 10 each		1,250,000	1,250,000
60 000 000 (30 June 2019: 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>		986,666	986,666
<b>Capital reserves</b>			
Share premium		1,375,000	1,375,000
Redemption fund		128,333	128,333
Surplus on revaluation of freehold land		900,234	900,234
<b>Revenue reserves</b>		8,409,426	8,107,506
<b>Total Equity</b>		<u>11,799,659</u>	<u>11,497,739</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	3,867,777	4,299,484
Liabilities against assets subject to finance lease		20,969	21,701
Deferred liability for gratuity		831,650	770,256
		4,720,396	5,091,441
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,877,524	3,889,182
Unclaimed dividend		33,213	33,213
Accrued mark-up		260,395	257,624
Short term borrowings		14,871,552	14,280,366
Current portion of non-current liabilities		1,736,162	1,669,188
Provision for taxation		543,575	415,698
		22,322,421	20,545,271
<b>TOTAL LIABILITIES</b>		<u>27,042,817</u>	<u>25,636,712</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>38,842,476</u>	<u>37,134,451</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	11,085,734	11,162,527
Long term advances		195	660
Long term investment		553,654	476,076
Long term security deposits		76,037	75,511
		<u>11,715,620</u>	<u>11,714,774</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,150,114	1,780,174
Stock-in-trade		8,220,534	7,746,252
Trade debts		10,546,045	10,708,309
Loans and advances		457,727	362,144
Short term deposits and prepayments		1,316,439	1,171,004
Other receivables		3,651,107	3,171,331
Short term investment		100,000	100,000
Cash and bank balances		684,890	380,463
		27,126,856	25,419,677
<b>TOTAL ASSETS</b>		<u>38,842,476</u>	<u>37,134,451</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 STATEMENT OF PROFIT OR LOSS**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019**  
**(UN-AUDITED)**

	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
	<b>(Rupees in Thousand)</b>	
<b>REVENUE</b>	9,298,687	6,396,249
<b>COST OF SALES</b>	(7,528,845)	(5,424,576)
<b>GROSS PROFIT</b>	1,769,842	971,673
<b>DISTRIBUTION COST</b>	(704,409)	(504,264)
<b>ADMINISTRATIVE EXPENSES</b>	(174,379)	(136,628)
<b>OTHER EXPENSES</b>	(186,566)	(15,760)
<b>OTHER INCOME</b>	96,826	207,776
<b>FINANCE COST</b>	(371,517)	(250,753)
<b>PROFIT BEFORE TAXATION</b>	429,797	272,044
<b>TAXATION</b>	(127,877)	(70,446)
<b>PROFIT AFTER TAXATION</b>	301,920	201,598
<b>EARNINGS PER SHARE - BASIC (RUPEES)</b>	4.30	2.88
<b>- DILUTED (RUPEES)</b>	3.94	2.71

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 STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019**  
**(UN-AUDITED)**

	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
	<b>(Rupees in Thousand)</b>	
PROFIT AFTER TAXATION	301,920	201,598
OTHER COMPREHENSIVE INCOME		
<b>Items that will not be reclassified subsequently to profit or loss</b>	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
Other comprehensive income for the period	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	301,920	201,598

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 STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019**  
**(UN-AUDITED)**

(Rupees in Thousand)

	Reserves								Total	Total Equity
	Share Capital	Capital				Revenue				
		Share Premium	Redemption Fund	Surplus on Revaluation of Freehold Land	Sub Total	General	Unappropriated Profit	Sub Total		
<b>Balance as at 30 June 2018-Audited</b>	986,666	1,375,000	128,333	900,234	2,403,567	714,500	6,231,141	6,945,641	9,349,208	10,335,874
Adjustment on adoption of IFRS 15							(7,201)	(7,201)	(7,201)	(7,201)
Adjustment on adoption of IFRS 9							(2,293)	(2,293)	(2,293)	(2,293)
<b>Adjusted total equity as at 01 July 2018</b>	986,666	1,375,000	128,333	900,234	2,403,567	714,500	6,221,647	6,936,147	9,339,714	10,326,380
Profit after taxation for the three months ended 30 Sep 2018	-	-	-	-	-	-	201,598	201,598	201,598	201,598
Other comprehensive income for the three months ended 30 Sep 2018	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2018	-	-	-	-	-	-	201,598	201,598	201,598	201,598
<b>Balance as at 30 Sep 2018-Unaudited</b>	986,666	1,375,000	128,333	900,234	2,403,567	714,500	6,423,245	7,137,745	9,541,312	10,527,978
Transactions with owners:										
Dividend at the rate of Rupees 1.50 per share (Ordinary shares)	-	-	-	-	-	-	(101,250)	(101,250)	(101,250)	(101,250)
Dividend at the rate of Rupees 0.82 per share (Preference shares)	-	-	-	-	-	-	(25,494)	(25,494)	(25,494)	(25,494)
Profit after taxation for the nine months ended 30 June 2019	-	-	-	-	-	-	1,130,810	1,130,810	1,130,810	1,130,810
Other comprehensive loss for the nine months ended 30 June 2019	-	-	-	-	-	-	(34,305)	(34,305)	(34,305)	(34,305)
Total comprehensive income for the nine months ended 30 June 2019	-	-	-	-	-	-	1,096,505	1,096,505	1,096,505	1,096,505
<b>Balance as at 30 June 2019-Audited</b>	986,666	1,375,000	128,333	900,234	2,403,567	714,500	7,393,006	8,107,506	10,511,073	11,497,739
Profit after taxation for the three months ended 30 Sep 2019	-	-	-	-	-	-	301,920	301,920	301,920	301,920
Other comprehensive income for the three months ended 30 Sep 2019	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended 30 Sep 2019	-	-	-	-	-	-	301,920	301,920	301,920	301,920
<b>Balance as at 30 Sep 2019-Unaudited</b>	986,666	1,375,000	128,333	900,234	2,403,567	714,500	7,694,926	8,409,426	10,812,993	11,799,659

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 STATEMENT OF CASH FLOWS**  
**FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2019**  
**(UN-AUDITED)**

	Note	30 Sep 2019	30 Sep 2018
<b>(Rupees in Thousand)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	8	654,366	131,555
Finance cost paid		(368,746)	(262,263)
Income tax paid		(102,388)	(80,389)
Dividend paid to ordinary shareholders		-	(13)
Gratuity paid		(22,141)	(26,477)
Net decrease in long term advances		465	625
Net increase in long term security deposits		(526)	(446)
<b>Net cash generated from / (used in) operating activities</b>		161,030	(237,408)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		573,327	14,501
Capital expenditure on property, plant and equipment		(655,651)	(309,544)
<b>Net cash used in investing activities</b>		(82,324)	(295,043)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		56,427	166,988
Repayment of long term financing		(417,508)	(345,815)
Repayment of liabilities against assets subject to finance lease		(4,384)	(6,493)
Short term borrowings - net		591,186	911,635
<b>Net cash from financing activities</b>		225,721	726,315
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		304,427	193,864
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		380,463	620,380
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		684,890	814,244

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 2019**  
**(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**

- 2.1** This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017:

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** This condensed interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. This condensed interim financial information is un-audited, and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

**3. ACCOUNTING POLICIES AND COMPUTATION METHODS**

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

**4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in Company's annual audited financial statements for the year ended 30 June 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2019.

	<b>UN-AUDITED</b>	<b>AUDITED</b>
	<b>30 Sep</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>(Rupees in Thousand)</b>	
<b>5. LONG TERM FINANCING-SECURED</b>		
Opening balance	5,958,439	6,105,246
Add: Obtained during the period / year	56,427	1,049,138
Less: Repaid during the period / year	417,508	1,195,945
	<u>5,597,358</u>	<u>5,958,439</u>
Less: Current portion shown under current liabilities	<u>1,729,581</u>	<u>1,658,955</u>
	<u><u>3,867,777</u></u>	<u><u>4,299,484</u></u>

#### **6. CONTINGENCIES AND COMMITMENTS**

##### **a) Contingencies**

- i) Guarantees of Rupees 259.995 million (2019: Rupees 259.995 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 on 18 January 2017. Consequently, the Company has accounted for input sales tax amounting to Rupees 151.862 million (2019: 151.862 million) paid on such items as receivable balance. The Company is confident on positive outcome of the appeal, on the advice of legal counsel.

Provision for Gas Infrastructure Development Cess (GIDC) and cost of supply charges thereon amounting to Rupees 39.968 million (2019: Rupees 30.880 million) and Rupees 24.017 million (2019: Rupees 24.017 million) respectively for the period from November 2017 has not been recognized in the books of account as the Company has obtained stay orders from Lahore High Court, Lahore on 15 November 2017 and from Islamabad High Court, Islamabad on 15 December 2017. Post dated cheques amounting to Rupees 40.791 million (2019: Rupees 31.703 million) are issued to SNGPL against GIDC. Company is confident of favorable outcome of the matters, on the advice of legal counsel.

Provision for Government subsidy amounting to Rupees 226.682 million (2019: Rupees 84.511 million) for the period from 01 March 2019 to 30 September 2019 on the gas bills issued by SNGPL has not been recognized in the books of account as the Company has obtained stay order form Lahore High Court, Lahore on 09 July 2019. Post dated cheques of the same amount mentioned above are issued to SNGPL against subsidy. Company is confident of favorable outcome of this matter, on the advice of legal counsel.

##### **b) Commitments**

- i) Contracts for capital expenditure are amounting to Rupees 293.251 million (2019: Rupees 372.627 million) and other than capital expenditure are of Rupees 1,074.727 million (2019: Rupees 1,445.969 million).
- ii) Ijarah (operating lease) commitments amounting to Rupees 126.521 million (30 June 2019: Rupees 131.444 million).



	<b>UN-AUDITED</b>	<b>AUDITED</b>
	<b>30 Sep</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>(Rupees in Thousand)</b>	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 7.1)	10,425,325	10,492,605
Assets subject to finance lease (Note 7.2)	54,361	59,627
Capital work-in-progress	606,048	610,295
	<u>11,085,734</u>	<u>11,162,527</u>
<b>7.1 Operating Fixed Assets</b>		
Opening book value	10,492,605	9,282,929
Add:		
Cost of additions during the period/year (Note 7.1.1)	659,897	2,042,201
Book value of assets transferred from assets subject to finance lease	3,131	18,718
	<u>11,155,633</u>	<u>11,343,848</u>
Less:		
Book value of deletions during the period/year (Note 7.1.2)	517,990	34,008
	<u>10,637,643</u>	<u>11,309,840</u>
Less: Depreciation charged during the period/year	212,318	817,235
	<u>10,425,325</u>	<u>10,492,605</u>
<b>7.1.1 Cost of additions during the period / year</b>		
Buildings on freehold land	10,530	304,754
Plant and machinery	538,285	1,443,598
Electric and gas installations	68,259	149,504
Factory equipment	3,539	12,891
Telephone installations	118	1,597
Furniture and fixtures	17,396	57,009
Office equipment	476	514
Computer equipment	10,037	36,770
Vehicles	11,257	35,564
	<u>659,897</u>	<u>2,042,201</u>
<b>7.1.2 Book value of deletions during the period / year</b>		
Buildings on freehold land	-	330
Plant and machinery	484,913	126
Electric and gas installations	14,623	6,206
Factory equipment	2,178	115
Telephone installations	41	-
Furniture and fixtures	10,895	16,982
Office equipment	7	-
Computer equipment	4,266	1,438
Vehicles	1,067	8,811
Plant and machinery segregated to leased assets	<u>517,990</u>	<u>34,008</u>
<b>7.2 Assets subject to finance lease</b>		
Opening book value	59,627	59,848
Add: Additions during the period / year (Note 7.2.1)	-	27,112
	<u>59,627</u>	<u>86,960</u>
Less: Book value of assets transferred to operating fixed assets (Note 7.2.2)	3,131	18,718
	<u>56,496</u>	<u>68,242</u>
Less: Depreciation charged for the period / year	2,135	8,615
	<u>54,361</u>	<u>59,627</u>
<b>7.2.1 Additions during the period / year</b>		
Vehicles	-	27,112
	<u>-</u>	<u>27,112</u>
<b>7.2.2 Book value of assets transferred to operating fixed assets</b>		
Plant and machinery	-	18,718
Vehicles	3,131	-
	<u>3,131</u>	<u>18,718</u>



	(UN-AUDITED)	
	30 Sep 2019	30 Sep 2018
	(Rupees in Thousand)	
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	429,797	272,044
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	214,454	190,069
Provision for gratuity	77,464	61,283
(Gain) / loss on sale of property, plant and equipment	(55,337)	1,340
Finance cost	371,517	250,753
Working capital changes (Note 8.1)	(383,529)	(643,934)
	<u>654,366</u>	<u>131,555</u>
<b>8.1 Working capital changes</b>		
<b>(Increase)/decrease in current assets:</b>		
Stores, spare parts and loose tools	(369,940)	(285,857)
Stock in trade	(474,282)	(1,915,630)
Trade debts	162,264	755,574
Loans and advances	(95,583)	(21,845)
Short term deposits and prepayments	(43,047)	(106,000)
Other receivables	(557,354)	(232,648)
	(1,377,942)	(1,806,406)
Increase in trade and other payables	994,413	1,162,472
	<u>(383,529)</u>	<u>(643,934)</u>

## 9. SEGMENT INFORMATION

### 9.1 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 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	----- (Rupees in Thousand) -----									
Revenue										
External	410,509	327,719	103,325	25,498	8,784,853	6,043,032	-	-	9,298,687	6,396,249
Intersegment	475,235	385,627	3,324,079	3,018,613	6,079	4,244	(3,805,393)	(3,408,484)	-	-
	885,744	713,346	3,427,404	3,044,111	8,790,932	6,047,276	(3,805,393)	(3,408,484)	9,298,687	6,396,249
Cost of sales	(856,874)	(687,525)	(3,333,061)	(2,924,154)	(7,144,303)	(5,221,381)	3,805,393	3,408,484	(7,528,845)	(5,424,576)
Gross profit	28,870	25,821	94,343	119,957	1,646,629	825,895	-	-	1,769,842	971,673
Distribution cost	(11,976)	(10,566)	(38,833)	(37,667)	(653,600)	(456,031)	-	-	(704,409)	(504,264)
Administrative expenses	(10,131)	(8,816)	(34,277)	(29,240)	(129,971)	(98,572)	-	-	(174,379)	(136,628)
	(22,107)	(19,382)	(73,110)	(66,907)	(783,571)	(554,603)	-	-	(878,788)	(640,892)
Profit before taxation and unallocated income and expenses	6,763	6,439	21,233	53,050	863,058	271,292	-	-	891,054	330,781
<b>Unallocated income and expenses:</b>										
Other expenses									(186,566)	(15,760)
Other income									96,826	207,776
Finance cost									(371,517)	(250,753)
Taxation									(127,877)	(70,446)
Profit after taxation									<u>301,920</u>	<u>201,598</u>

## 9.2 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 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019
	(Rupees in Thousand)							
Segment Assets	1,884,061	1,814,247	2,405,861	2,697,990	17,166,460	16,176,717	21,456,382	20,688,954
Unallocated assets							17,386,094	16,445,497
Total assets as per statement of financial position							38,842,476	37,134,451
Segment Liabilities	251,533	190,053	1,422,866	1,322,025	4,328,383	3,438,197	6,002,782	4,950,275
Unallocated liabilities							21,040,035	20,686,437
Total liabilities as per statement of financial position							27,042,817	25,636,712

## 9.3 Segment wise and geographical location wise disaggregation of revenue

	Spinning		Knitting		Processing & Garments		Total - Company	
	Un-audited		Un-audited		Un-audited		Un-audited	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	(Rupees in Thousand)							
America and Canada	-	-	-	-	6,816,399	3,235,088	6,816,399	3,235,088
Europe	-	-	-	-	717,664	2,249,548	717,664	2,249,548
Asia, Africa and Australia	23,211	44,269			314,844	261,051	338,055	305,320
Pakistan	387,298	283,450	103,325	25,498	935,946	297,345	1,426,569	606,293
	410,509	327,719	103,325	25,498	8,784,853	6,043,032	9,298,687	6,396,249

## 10. TRANSACTIONS WITH RELATED PARTIES

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

	(Rupees in Thousand)	
	Un-audited	
	Quarter Ended	
	30 Sep 2019	30 Sep 2018
<b>i) Transactions</b>		
<b>Associated company</b>		
Sale of good and services	475,647	-
<b>Other related parties</b>		
Remuneration paid to Chief Executive Officer, Directors and Executives	39,412	37,861

## 11. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 29 October, 2019 by the Board of Directors of the Company.

## 12. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the amounts 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.

## 13. 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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