



Masood Textile Mills Ltd.

**ACCOUNTS
FOR THE THIRD QUARTER ENDED
31 MARCH 2020**

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COMPANY INFORMATION

CHAIRMAN	: MR. NASEER AHMAD SHAH
CHIEF EXECUTIVE OFFICER	: MR. SHAHID NAZIR AHMAD
DIRECTORS	: 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.)
COMPANY SECRETARY	: MR. NISAR AHMAD ALVI
CHIEF FINANCIAL OFFICER	: MR. MUHAMMAD SHAHID NAVEED
AUDIT COMMITTEE	: MR. SHABIR AHMAD ABID (Chairman) : MR. NASEER AHMAD SHAH : MR. SHAHID IQBAL
HR & REMUNERATION COMMITTEE	: MR. SHAHID IQBAL (Chairman) : MR. SHAHID NAZIR AHMAD : MR. SHABIR AHMAD ABID
AUDITORS	: M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
SHARE REGISTRAR	: CORPTEC ASSOCIATES (PVT) LIMITED 503-E, JOHAR TOWN, LAHORE. PHONE : 042-35170336-7 FAX : 042-35170338 WEB : www.corptec.com.pk
REGISTERED OFFICE	: UNIVERSAL HOUSE, P-17/1, NEW CIVIL LINES, BILAL ROAD, FAISALABAD. PHONE: 041-2600176-276 FAX: 041-2600976
MILLS	: 32-K.M., SHEIKHUPURA ROAD, FAISALABAD.

DIRECTORS' REPORT TO THE MEMBERS

Board of Directors of the Company are pleased to present the un-audited Interim financial Statements of the Company for the third quarter ended 31 March, 2020.

FINANCIAL RESULTS:

Financial results of the Company for the nine months ended 31 March 2020 are given below:

	31 Mar 2020	31 Mar 2019
	(RUPEES IN THOUSAND)	
REVENUE	23,796,348	25,526,589
COST OF SALES	(21,709,402)	(22,263,793)
GROSS PROFIT	2,086,946	3,262,796
DISTRIBUTION COST	(1,785,022)	(1,907,732)
ADMINISTRATIVE EXPENSES	(512,937)	(521,295)
OTHER EXPENSES	(476)	(59,659)
OTHER INCOME	190,879	1,239,407
FINANCE COST	(1,283,657)	(882,116)
(LOSS) / PROFIT BEFORE TAXATION	(1,304,267)	1,131,401
TAXATION	(222,131)	(256,979)
(LOSS) / PROFIT AFTER TAXATION	(1,526,398)	874,422
(LOSS)/EARNINGS PER SHARE - BASIC (RUPEES)	(23.14)	12.60
- DILUTED (RUPEES)	(21.20)	11.81

The company has incurred a pre-tax loss of Rs. 1,304.267 million for the nine month ended March 31, 2020, as compared to pre-tax profit of Rs.1,131.401 million during the corresponding period of last year, the primary reason for the loss incurred is COVID-19, due to which customers has frozen deliveries of their products, cancelled and deferred export orders resulting, huge amount of revenue loss and unabsorbed overhead have reduced the gross profit from Rupees 3,262.796 million for the period ended March 31 2019 to Rupees 2,086.946 million for the period ended March 31, 2020.

INDUSTRY / MARKET OVERVIEW:

Currently, Pakistan is facing the crises of COVID-19 outbreak like the whole world. As the world economy is badly shaken due to lock down situation resulting sharp reduction in bussiness activity. On the supply side, production is either completely shut down or operating at low capacities, while the supply chain are also fractured. On the other hand lockdowns have completely choked the customer's demands. This has worsned the business situation along the whole supply chain. The global situation is still evolving and needless to say that it would take a very long time to go back to normal.

FUTURE OUTLOOK

Although government is taking positive steps to facilitate the businesses in these testing times which includes lowering of markup rates, deferments of banks payments, reduced rate temporary finance for salaries payments and quick payments of tax refunds. Payments of refunds is a great relief, but unfortunately, relevant departments are still slow to process these refunds. The government should take further supporting measures including speedy process of refund, restoring of zero rating status for industry and reducing costs of inputs on war footing basis to keep the wheel of industry moving and secure jobs of millions.

In these testing times, management of the company is highly motivated and would leave no stone unturned to explore new products and markets and improve its productivity and efficiency for the betterment of the company.

COMPOSITION OF BOARD

Total Number of Directors:	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:

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

Human Resource & Remuneration (HR&R) Committee:

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

Acknowledgement

The board by recognizing its social responsibilities arising out of the virus outbreak has adopted the policy of "Safety First" and ensured all necessary SOPs. The board records its appreciation of the performance of the company's workers, staff and executives more especially in these hard times. Also, the board appreciates for the support of our bankers and customers. We look forward to the same dedication and cooperation in the days ahead.

FOR AND ON BEHALF OF THE BOARD

FAISALABAD:
22nd May, 2020

Chief Executive Officer

Director

ممبران کے لئے ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 مارچ 2020 کو اختتام پذیر ہونے والی تیسری سرمایہ کی غیر آڈٹ شدہ مالی نتائج پیش کر رہے ہیں۔

مالی نتائج:

کمپنی کی 31 مارچ 2020 کو اختتام ہونے والی مدت کے مالی نتائج مندرجہ ذیل ہیں۔

31 مارچ 2019	31 مارچ 2020	
روپے ہزاروں میں	روپے ہزاروں میں	
25,526,589	23,796,348	آمدنی
(22,263,793)	(21,709,402)	لاگت
3,262,796	2,086,946	مجموعی نفع
(1,907,732)	(1,785,022)	ڈسٹری بیوٹن ٹریچ
(521,295)	(512,937)	کاروبار کے انتظامی اخراجات
(59,659)	(476)	دیگر اخراجات
1,239,407	190,879	دیگر آمدن
(882,116)	(1,283,657)	مالی لاگت
1,131,401	(1,304,267)	(نقصان) / نفع ٹیکس سے پہلے
(256,979)	(222,131)	ادا کردہ ٹیکسز
874,422	(1,526,398)	(نقصان) / نفع ٹیکس کی ادائیگی کے بعد
12.60	(23.14)	(نقصان) / آمدن فی حصص بنیادی (روپیہ)
11.81	(21.20)	(نقصان) / آمدن فی حصص ڈائریکٹرز کی کر کے (روپیہ)

کمپنی کو 31 مارچ 2020 کو ختم ہونے والی تیسری سرمایہ کی قابل از ٹیکس 1,304,267 ملین روپے کا نقصان ہوا ہے جو کمپنی اسی مدت کی سرمایہ کی قابل از ٹیکس منافع 1,131,401 ملین روپے تھا۔

نقصان اٹھانے کی بنیادی وجہ کوویڈ-19 ہے جس کی وجہ سے صارفین نے اپنی مصنوعات کی ترسیل کو ٹھمدہ یا منسوخ کر دیا ہے اور برآمدات موخر ہونے کی وجہ سے ہماری مقدار میں آمدن میں کمی واقع ہوئی ہے اور غیر جذب شدہ خرچوں کی وجہ سے 31 مارچ 2019 کی اسی مدت کا مجموعی منافع 3,262,796 ملین روپے سے کم ہو کر 31 مارچ 2020 کو ختم ہونے والی مدت میں مجموعی منافع 2,086,946 ملین روپے رہ گیا ہے۔

صنعت / مارکیٹ کا جائزہ

اس وقت پاکستان کو پوری دنیا کی طرح کوویڈ-19 کے پھیلنے کی وجہ سے بحران کا سامنا ہے چونکہ لاک ڈاؤن کی صورتحال کی وجہ سے عالمی معیشت بری طرح تباہ ہو رہی ہے جس کے نتیجے میں کاروباری سرگرمیوں میں تیزی سے کمی واقع ہوئی ہے۔ سپلائی میں کمی کی وجہ سے پیداوار یا تو مکمل طور پر بند ہے یا کم صلاحیتوں پر کام کر رہی ہے۔ جبکہ سپلائی چین بھی فریک ہے دوسری طرف لاک ڈاؤن نے صارفین کی ڈیمانڈ کو پوری طرح سے دبا رکھا ہے۔ اس نے پوری سپلائی چین کے ساتھ ساتھ کاروبار کی صورتحال کو مزید خراب کر دیا ہے۔ عالمی صورتحال میں بھی تبدیلیاں رونما ہو رہی ہیں۔ یہاں یہ کہنا ہے کہ صورت حال کو معمول پر آنے میں طویل وقت درکار ہوگا۔ لہذا ایسا امکان ہے کہ آنے والے مہینوں تک ہمیں شدید معاشی بحران کا سامنا کرنا پڑے گا۔

مستقبل کا نقطہ نظر:

اگرچہ حکومت اس آزمائشی وقت میں کاروبار کی بھولت کے لئے مثبت اقدامات کر رہی ہے جس میں مارک اپ کی شرح کو کم کرنا، بینکوں کی ادائیگیوں میں تاخیر اور تنخواہوں کی ادائیگی کے لئے کم شرح پر عارضی فنانس کی فراہمی اور ٹیکس ریٹینڈ کی فوری ادائیگی جیسے اقدامات شامل ہیں۔ ریٹینڈ کی ادائیگی ایک بڑا ریلیف ہے لیکن بد قسمتی سے متعلقہ محکمے ابھی تک ان قوم کی واپسی پر کارروائی کرنے میں سست ہیں۔ حکومت کو چاہئے کہ وہ ریٹینڈ کی فوری ادائیگی، صنعت کے زیر پرہ ریٹنگ کی حیثیت کی بحالی اور ان پٹ کی قیمتوں میں کمی جیسے مددگار اقدام کو بنگامی بنیادوں پر کیا جائے تاکہ صنعت کا پہیہ بھی چلے اور لاکھوں افراد کی ملازمتیں بھی محفوظ رہیں۔

ان آزمائشی اوقات میں، کینی کی انتظامیہ انتہائی متحرک ہے اور وہ نئی مصنوعات اور مارکیٹوں کو تلاش کرنے اور کینی کی بہتری کے لئے اس کی پیداوار اور کارکردگی کو بہتر بنانے میں کوئی کسر نہیں چھوڑے 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 ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹرز

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	جناب شبیر احمد عابد (چیئر مین / ممبر)
2	جناب نصیر احمد شاہ (ممبر)
3	جناب شاہد اقبال (ممبر)

انسانی وسائل اور معاوضہ کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب شاہد اقبال (چیئر مین / ممبر)
2	جناب شاہد بنڈرا احمد (ممبر)
3	جناب شبیر احمد عابد (ممبر)

اظہار تشکر اور اعتراف:

وائرس پھیلنے سے پیدا ہونے والی اپنی معاشرتی ذمہ داریوں کو تسلیم کرتے ہوئے بورڈ نے "سب سے پہلے حفاظت" کی پالیسی اپنائی ہے اور تمام ضروری ایس او پیز کو یقینی بنایا ہے۔

بورڈ خاص طور پر ان مشکل وقتوں میں کینی کے کارکنوں، عملے اور ایگزیکٹوز کی کارکردگی کو سراہتا ہے۔ نیز بورڈ، بینکوں اور معزز صارفین کا کینی سے تعاون کا بھی معترف ہے۔ ہم آنے والے دنوں میں بھی ایس لگن اور تعاون کے منتظر رہیں گے۔

از طرف بورڈ

فیصل آباد

ڈائریکٹر

چیف ایگزیکٹو آفیسر

22 مئی، 2020

MASOOD TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	Un-audited 31 March 2020	Audited 30 June 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
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		<u>600,000</u>	<u>600,000</u>
		<u><u>1,850,000</u></u>	<u><u>1,850,000</u></u>
Issued, subscribed and paid up share capital			
		986,666	986,666
Capital reserves			
Share premium		1,375,000	1,375,000
Redemption fund		128,333	128,333
Surplus on revaluation of freehold land		900,234	900,234
Revenue reserves		<u>6,445,872</u>	<u>8,107,506</u>
Total Equity		9,836,105	11,497,739
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	5,888,482	4,299,484
Long term lease liabilities		19,113	21,701
Deferred liability for gratuity		898,839	770,256
		<u>6,806,434</u>	<u>5,091,441</u>
CURRENT LIABILITIES			
Trade and other payables		3,445,525	3,889,182
Unclaimed dividend		65,262	33,213
Accrued mark-up		289,138	257,624
Short term borrowings		16,341,390	14,280,366
Current portion of non-current liabilities		1,760,256	1,669,188
Provision for taxation		222,131	415,698
		<u>22,123,702</u>	<u>20,545,271</u>
TOTAL LIABILITIES		<u>28,930,136</u>	<u>25,636,712</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	4	<u><u>38,766,241</u></u>	<u><u>37,134,451</u></u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,876,640	11,162,527
Long term advances		7,398	660
Long term investment		-	476,076
Long term security deposits		<u>92,454</u>	<u>75,511</u>
		11,976,492	11,714,774
CURRENT ASSETS			
Stores, spare parts and loose tools		2,106,591	1,780,174
Stock-in-trade		8,573,554	7,746,252
Trade debts		8,008,504	10,708,309
Loans and advances		733,746	362,144
Short term deposits and prepayments		1,057,695	1,171,004
Other receivables		3,844,319	3,171,331
Short term investment		100,000	100,000
Cash and bank balances		<u>2,365,340</u>	<u>380,463</u>
		<u>26,789,749</u>	<u>25,419,677</u>
TOTAL ASSETS		<u><u>38,766,241</u></u>	<u><u>37,134,451</u></u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD / QUARTER ENDED 31 MARCH 2020
(UN-AUDITED)

	Period Ended		Quarter Ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
----- (RUPEES IN THOUSAND) -----				
REVENUE	23,796,348	25,526,589	6,831,443	9,820,448
COST OF SALES	(21,709,402)	(22,263,793)	(8,001,620)	(8,284,478)
GROSS PROFIT	<u>2,086,946</u>	<u>3,262,796</u>	<u>(1,170,177)</u>	<u>1,535,970</u>
DISTRIBUTION COST	(1,785,022)	(1,907,732)	(511,645)	(682,678)
ADMINISTRATIVE EXPENSES	(512,937)	(521,295)	(150,639)	(177,512)
OTHER EXPENSES	(476)	(59,659)	(476)	(23,477)
OTHER INCOME	190,879	1,239,407	253,093	132,069
FINANCE COST	(1,283,657)	(882,116)	(458,654)	(338,305)
(LOSS) / PROFIT BEFORE TAXATION	<u>(1,304,267)</u>	<u>1,131,401</u>	<u>(2,038,498)</u>	<u>446,067</u>
TAXATION	(222,131)	(256,979)	(81,304)	(107,123)
(LOSS) / PROFIT AFTER TAXATION	<u>(1,526,398)</u>	<u>874,422</u>	<u>(2,119,802)</u>	<u>338,944</u>
(LOSS) / EARNINGS PER SHARE - BASIC (RUPEES)	<u>(23.14)</u>	<u>12.60</u>	<u>(31.08)</u>	<u>4.88</u>
- DILUTED (RUPEES)	<u>(21.20)</u>	<u>11.81</u>	<u>(28.59)</u>	<u>4.54</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD / QUARTER ENDED 31 MARCH 2020
(UN-AUDITED)

	Period Ended		Quarter Ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	----- (RUPEES IN THOUSAND) -----			
(LOSS) / PROFIT AFTER TAXATION	(1,526,398)	874,422	(2,119,802)	338,944
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(1,526,398)	874,422	(2,119,802)	338,944

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020
(UN-AUDITED)

(RUPEES IN THOUSAND)

	RESERVES									TOTAL EQUITY
	CAPITAL					REVENUE			Total	
	Share Premium	Redemption Fund	Surplus on Revaluation of Freehold Land	Sub Total	General	Unappropriated Profit	Sub Total			
Balance as at 30 June 2018(Audited)	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)
Adjusted total equity as at 01 July 2018	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
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 31 March 2019	-	-	-	-	-	-	874,422	874,422	874,422	874,422
Other comprehensive income for the nine months ended 31 March 2019	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months ended 31 March 2019	-	-	-	-	-	-	874,422	874,422	874,422	874,422
Balance as at 31 March 2019 (Un-Audited)	986,666	1,375,000	128,333	900,234	2,403,567	714,500	6,969,325	7,683,825	10,087,392	11,074,058
Profit after taxation for the three months ended '30 June 2019	-	-	-	-	-	-	457,986	457,986	457,986	457,986
Other comprehensive loss for the three months ended 30 June 2019	-	-	-	-	-	-	(34,305)	(34,305)	(34,305)	(34,305)
Total comprehensive income for the three months ended 30 June 2019	-	-	-	-	-	-	423,681	423,681	423,681	423,681
Balance as at 30 June 2019 (Audited)	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
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 1.09 per share (Preference shares)	-	-	-	-	-	-	(33,986)	(33,986)	(33,986)	(33,986)
Loss after taxation for the nine months ended 31 March 2020	-	-	-	-	-	-	(1,526,398)	(1,526,398)	(1,526,398)	(1,526,398)
Other comprehensive loss for the nine months ended 31 March 2020	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2020	-	-	-	-	-	-	(1,526,398)	(1,526,398)	(1,526,398)	(1,526,398)
Balance as at 31 Mar 2020(Un-audited)	986,666	1,375,000	128,333	900,234	2,403,567	714,500	5,731,372	6,445,872	8,849,439	9,836,105

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020
(UN-AUDITED)

	Note	Period Ended	
		31 Mar 2020	31 Mar 2019
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	1,386,912	965,273
Finance cost paid		(1,250,060)	(826,543)
Mark-up paid against lease liabilities		(2,083)	(1,415)
Income tax paid		(298,269)	(258,864)
Dividend paid to ordinary shareholders		(69,201)	(78,813)
Dividend paid to preference shareholders		(33,986)	(25,494)
Gratuity paid		(87,452)	(202,427)
Net (increase) / decrease in long term advances		(6,738)	1,364
Net increase in long term security deposits		(16,943)	(17,237)
Net cash used in operating activities		(377,820)	(444,156)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		558,496	24,617
Capital expenditure on property, plant and equipment		(1,934,301)	(1,250,621)
Net cash used in investing activities		(1,375,805)	(1,226,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,848,705	1,155,826
Repayment of long term financing		(1,162,573)	(1,355,581)
Repayment of lease liabilities		(8,654)	13,843
Short term borrowings-net		2,061,024	1,947,888
Net cash from financing activities		3,738,502	1,761,976
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,984,877	91,816
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		380,463	620,380
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
		2,365,340	712,196

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

MASOOD TEXTILE MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

a) Statement of compliance

i) These condensed interim financial statements 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.

ii) These condensed interim financial statements do not include all the information 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. These condensed interim financial statements are 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.

b. Accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as applied in the preparation of the annual audited financial statements for the year ended 30 June 2019 except as disclosed in Note 2.3.

2.2 Critical accounting estimates, judgments and financial risk management

The preparation of these condensed interim 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 expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, 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 audited annual financial statements of the Company for the year ended 30 June 2019.

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

2.3 IFRS 16 'Leases'

IFRS 16 'Leases' is effective for annual periods beginning on or after 01 January 2019. This standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Company has previously showed 'Liabilities against assets subject to finance lease' on the face of statement of financial position which has now been shown as 'Long term lease liabilities'. Moreover, the Company has previously shown in 'Property, plant and equipment', 'Assets subject to finance lease', which has now been shown as 'Right-of-use assets'. Meanwhile short-term leases have also been shown as 'Assets subject to operating lease' in 'Property, plant and equipment', except for the assets under Ijarah agreements.

As per SRO 431(I)/2007 dated 22 May 2007, the Securities and Exchange Commission of Pakistan directed that the Islamic Financial Accounting Standard 2 (IFAS 2), issued by the Institute of Chartered Accountants of Pakistan, shall be followed in regard to the financial statements by companies while accounting for Ijarah (Lease) transactions as defined in IFAS 2. As where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed. Therefore, the Company is not required to account for operating leases (Ijarah) under IFRS 16 'Leases'.

As a result, the adoption of IFRS 16 does not impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

	Un-audited	Audited
	31 Mar	30 June
	2020	2019
	(RUPEES IN THOUSAND)	
3. LONG TERM FINANCING - SECURED		
Opening balance	5,958,439	6,105,246
Add: Obtained during the period/year (Note 3.1)	2,848,705	1,049,138
Less: Repaid during the period / year	<u>1,162,573</u>	<u>1,195,945</u>
	7,644,571	5,958,439
Less: Current portion shown under current liabilities	<u>1,756,089</u>	<u>1,658,955</u>
	<u>5,888,482</u>	<u>4,299,484</u>

- 3.1 It includes redeemable capital in terms of 2500 Shariah Compliant Sukuk Certificates amounting to Rupees 2,500 million issued to various institutions and other investors by way of private placement in accordance of the provisions of section 66 of the Companies Act, 2017.

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Guarantees of Rupees 284.995 million (30 June 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 (30 June 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.
- iii) Provisions for Gas Infrastructure Development Cess (GIDC) and cost of supply charges thereon amounting to Rupees 53.361million (30 June 2019: Rupees 30.880 million) and Rupees 24.017 million (30 June 2019: Rupees 24.017 million) respectively for the period from November 2017 have 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 31.949 million (30 June 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.
- iv) The Company has challenged, before Lahore High Court, Lahore, dated 01 July 2019 the income tax charged on electricity bills payment amounting to Rupees 10.328 million (30 June 2019: Rupees Nil). However this amount have not been recognised in the books of account as 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 529.643 million (30 June 2019: Rupees 372.627 million) and other than capital expenditure are of Rupees 1,054.629 million (30 June 2019: Rupees 1,445.969 million).
- ii) Ijarah (operating lease) commitments amounting to Rupees 266.238 million (30 June 2019: Rupees 131.444 million).

	Un-audited 31 Mar 2020	Audited 30 June 2019
	(RUPEES IN THOUSAND)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 5.1)	11,161,785	10,492,605
Right-of-use assets / assets subject to operating lease (Note 5.2)	223,776	59,627
Capital work-in-progress	491,079	610,295
	<u>11,876,640</u>	<u>11,162,527</u>
5.1 Operating fixed assets		
Opening book value	10,492,605	9,282,929
Add:		
Cost of additions during the period / year (Note 5.1.1)	2,053,518	2,042,201
Book value of assets transferred from right-of-use assets	23,492	18,718
	<u>12,569,615</u>	<u>11,343,848</u>
Less:		
Book value of deletions during the period/year (Note 5.1.2)	552,866	34,008
Book value of assets subject to operating lease (Note 5.2)	192,392	-
	<u>745,258</u>	<u>34,008</u>
	11,824,357	11,309,840
Less: Depreciation charged during the period / year	662,572	817,235
Closing book value	<u>11,161,785</u>	<u>10,492,605</u>

	Un-audited 31 Mar 2020	Audited 30 June 2019
	(RUPEES IN THOUSAND)	
5.1.1 Cost of additions during the period / year		
Freehold land	509,176	-
Buildings on freehold land	60,651	304,754
Plant and machinery	1,192,034	1,443,598
Electric and gas installations	155,292	149,504
Factory equipment	8,314	12,891
Telephone installations	1,818	1,597
Furniture and fixtures	39,377	57,009
Office equipment	1,388	514
Computer equipment	59,537	36,770
Vehicles	25,931	35,564
	<u>2,053,518</u>	<u>2,042,201</u>
5.1.2 Book value of deletions during the period / year		
Buildings on freehold land	-	330
Plant and machinery	516,739	126
Electric and gas installations	15,142	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	3,598	8,811
	<u>552,866</u>	<u>34,008</u>
5.2 Right-of-use assets / assets subject to operating lease		
Opening book value	59,627	59,848
Add: Additions / transfer during the period / year - Vehicles	-	27,112
Book value of assets subject to operating lease (Note 5.1)	<u>192,392</u>	<u>-</u>
	252,019	86,960
Less: Book value of assets transferred to operating fixed assets (Note 5.2.1)	<u>23,492</u>	<u>18,718</u>
	228,527	68,242
Less: Depreciation charged during the period / year	<u>4,751</u>	<u>8,615</u>
Closing book value	<u>223,776</u>	<u>59,627</u>
5.2.1 Book value of assets transferred to operating fixed assets		
Plant and machinery	19,561	18,718
Vehicles	3,931	-
	<u>23,492</u>	<u>18,718</u>

(Un-audited)

Period Ended	
31 Mar 2020	31 Mar 2019

(RUPEES IN THOUSAND)

6. CASH GENERATED FROM / (USED IN) OPERATIONS		
(Loss) / Profit before taxation	(1,304,267)	1,131,401
Adjustments for non-cash charges and other items:		
Depreciation	667,323	601,583
Provision for gratuity	232,391	182,577
Gain on sale of property, plant and equipment	(5,630)	(3,582)
Finance cost	1,283,657	882,116
Working capital changes (Note 6.1)	513,438	(1,828,822)
	<u>1,386,912</u>	<u>965,273</u>

(Un-audited)		
Period Ended		
31 Mar 2020		31 Mar 2019
(RUPEES IN THOUSAND)		

6.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(326,417)	(100,785)
Stock in trade	(827,302)	(1,710,013)
Trade debts	2,699,805	(831,145)
Loans and advances	(371,602)	(53,710)
Short term deposits and prepayments	(4,121)	(95,500)
Other receivables	(196,912)	(607,738)
	973,451	(3,398,891)
(Decrease) / increase in trade and other payables	(460,013)	1,570,069
	<u>513,438</u>	<u>(1,828,822)</u>

7. SEGMENT INFORMATION

7.1 Segment results

Spinning		Knitting		Processing and Garments		Elimination of Inter-Segment Transactions		Total-Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Period ended		Period ended		Period ended		Period ended		Period ended	
31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019

(RUPEES IN THOUSAND)

Revenue

External	1,314,109	1,062,615	185,029	240,704	22,297,210	24,223,270	-	-	23,796,348	25,526,589
Intersegment	1,368,157	1,620,934	8,323,673	10,346,301	15,949	16,194	(9,707,779)	(11,983,429)	-	-
	2,682,266	2,683,549	8,508,702	10,587,005	22,313,159	24,239,464	(9,707,779)	(11,983,429)	23,796,348	25,526,589
Cost of sales	(2,592,525)	(2,599,524)	(8,384,037)	(10,280,696)	(20,440,619)	(21,367,002)	9,707,779	11,983,429	(21,709,402)	(22,263,793)
Gross profit	89,741	84,025	124,665	306,309	1,872,540	2,872,462	-	-	2,086,946	3,262,796
Distribution cost	(34,227)	(34,077)	(97,576)	(124,175)	(1,653,219)	(1,749,480)	-	-	(1,785,022)	(1,907,732)
Administrative expenses	(30,765)	(27,266)	(86,770)	(106,625)	(395,402)	(387,404)	-	-	(512,937)	(521,296)
	(64,992)	(61,344)	(184,346)	(230,800)	(2,048,621)	(2,136,884)	-	-	(2,297,959)	(2,429,028)

(Loss) / Profit before

taxation and

unallocated income

and expenses	24,749	22,682	(59,681)	75,509	(176,081)	735,578	-	-	(211,013)	833,769
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Unallocated income and expenses:

Other expenses									(476)	(59,659)
Other income									190,879	1,239,407
Finance cost									(1,283,657)	(882,116)
Taxation									(222,131)	(256,979)
(Loss) / Profit after taxation									<u>(1,526,398)</u>	<u>874,422</u>

7.2 Reconciliation of reportable segment assets and liabilities:

Spinning		Knitting		Processing and Garments		Total-Company	
Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
31 Mar 2020	30 June 2019	31 Mar 2020	30 June 2019	31 Mar 2020	30 June 2019	31 Mar 2020	30 June 2019

----- (RU PEES IN THOUSAND) -----

Total assets for reportable

segments	2,672,569	1,814,247	2,339,797	2,697,990	17,544,419	16,176,717	22,556,785	20,688,954
Unallocated assets							16,209,456	16,445,497
Total assets as per condensed interim statement of financial position							38,766,241	37,134,451

Total liabilities for reportable segments	225,619	190,053	679,165	1,322,025	3,793,980	3,438,197	4,698,764	4,950,275
Unallocated liabilities							24,231,372	20,686,437
Total liabilities as per condensed interim statement of financial position							28,930,136	25,636,712

Spinning		Knitting		Processing and Garments		Total-Company	
(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
Period Ended							
31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019

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

7.3 Segment wise and geographical location wise disaggregation of revenue

America and Canada	-	-	-	-	16,436,581	14,536,100	16,436,581	14,536,100
Europe	-	-	-	-	2,680,003	6,944,127	2,680,003	6,944,127
Asia, Africa and Australia	65,819	165,926	-	-	1,227,366	1,022,091	1,293,185	1,188,017
Pakistan	1,248,290	896,689	185,029	240,704	1,953,260	1,720,952	3,386,579	2,858,345
	1,314,109	1,062,615	185,029	240,704	22,297,210	24,223,270	23,796,348	25,526,589

8. 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 are as follows:

Un-audited			
Period Ended		Quarter Ended	
31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019

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

i) Transactions

Associated company

Purchase of services	81,985	-	32,906	-
Sales of goods and services	784,487	-	39,546	-

Other related parties

Dividend paid	32,959	33,029	-	-
Remuneration paid to Chief Executive Officer, Directors and Executives	158,257	101,075	48,578	24,395

Un-audited	Audited
31 Mar	30 June
2020	2019
(RUPEES IN THOUSAND)	

ii) Period end balances

Associated company and other related parties

Trade debts	975,451	865,330
Long term advances	7,060	460

9. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on 22 MAY, 2020

10. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, 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 balances of comparable period of immediately preceding financial year.

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

11. 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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