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**Masood** Textile Mills Ltd.

**ACCOUNTS  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2020**

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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>RISK MANAGEMENT COMMITTEE</b>	: MR. SHAHID NAZIR AHMAD (Chairman) : MR. NASEER AHMAD SHAH : MR. SHAHID IQBAL
<b>NOMINATION COMMITTEE</b>	: MR. NASEER AHMAD SHAH (Chairman) : MR. SHABIR AHMAD ABID : MR. SHAHID IQBAL
<b>AUDITORS</b>	: M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
<b>SHARE REGISTRAR</b>	: CORPTEC ASSOCIATES (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 of the Company, are pleased to present the un-audited financial results of the Company for the second quarter and half yearly ended 31 December, 2020.

### **FINANCIAL RESULTS:**

The financial results of the Company for the period ended 31<sup>st</sup> December 2020 are given below:

	Half year ended		Quarter ended	
	31-December 2020	31-December 2019	31-December 2020	31-December 2019
	<b>(RUPEES IN THOUSAND)</b>			
REVENUE	15,038,036	16,964,905	7,956,462	7,666,218
COST OF SALE	(12,927,246)	(13,707,782)	(6,837,302)	(6,178,937)
GROSS PROFIT	2,110,790	3,257,123	1,119,160	1,487,281
DISTRIBUTION COST	(1,108,867)	(1,273,377)	(548,130)	(568,968)
ADMINISTRATIVE EXPENSE	(388,915)	(362,298)	(220,018)	(187,919)
OTHER EXPENSE	(242,728)	(202,979)	(156,046)	(16,413)
OTHER INCOME	339,222	107,089	289,048	10,263
FINANCE COST	(658,903)	(825,003)	(322,735)	(453,486)
PROFIT BEFORE TAXATION	50,599	700,555	161,279	270,758
TAXATION	(176,937)	(140,827)	(92,863)	(12,950)
(LOSS)/ PROFIT AFTER TAXATION	(126,338)	559,728	68,416	257,808
(LOSS)/ EARNINGS PER SHARE- BASIC (RUPEES)	(2.09)	7.94	0.90	3.64
- DILUTED (RUPEES)	(1.91)	7.39	0.85	3.45

For the second quarter ended 31<sup>st</sup> December 2020, Company earned revenue amounting to Rs. 7.956 billion as compared to Rs. 7.666 billion during the corresponding second quarter of previous financial year. During the quarter ended 31 December, 2020, the Company earned a gross profit of Rs. 1,119.160 million (EPS: Rupees 0.90 per share), compared to gross profit of Rs. 1,487.281 million (EPS: Rupees 3.64 per share) for the Same Quarter Last Year. Company's results improved in second quarter of current Financial Year as compared to first quarter of current Financial Year. Better results in second quarter are due to availability of COVID-19 vaccines and resuming global economic activities.

### **INDUSTRY / MARKET OVERVIEW:**

The overall economy conditions are getting better. The country's export for this period has increased as compared to same period last year (SPLY). Furthermore, when compared to the first quarter of this FY, an increase in export is being witnessed in the second quarter is an indication of better opportunities for local industry.

During COVID-19 pandemic, Government responded well to the crisis and adopted a careful policy for lockdown during first phase. It is expected that current wave of COVID-19 would also be managed well. The country's macroeconomic indicators are expected to improve slowly towards stable economic conditions.

State bank of Pakistan played very important and timely role by announcing various schemes to reduce the adverse impact of COVID-19 on economy specially; reduction in policy rate, temporary Economic Refinance Facility (TERF), one-year moratorium of Long Term Loan repayment, salary and wages refinance to avoid lay off workers and repayment of Tax refunds.



## **FUTURE OUTLOOK**

With some improving indicators in economy, including the availability of COVID-19 vaccine, it is expected that the impact of COVID-19 pandemic will now be minimized and accordingly the global economic activities will resume to normalcy. It is also expected that in order to keep the wheel of the economy moving, there will be no increase in interest rates in the short term.

The management of the Company has always made strong efforts to sustain its cost through maximum capacity utilization, cost rationalization, effective procurement strategy, etc. and accordingly, the company is following its foot print to ensure that maximum wealth can be generated for the wellbeing of the company's shareholders.

## **COMPOSITION OF BOARD**

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

## **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

### **Risk Management Committee:**

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

### **Nomination Committee:**

Sr. #	Name of Directors	
1-	Mr. Naseer Ahmad Shah	Chairman/Member
2-	Mr. Shabir Ahmad Abid	Member
3-	Mr. Shahid Iqbal	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 directors have been disclosed in note 09 of the annexed financial statements.

## **Acknowledgement**

The Directors wish to acknowledge the devotion of the employees of all cadres and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to Company's suppliers, customers and bankers for their continued confidence and support.

**FAISALABAD**  
26<sup>th</sup> February, 2021

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**CHIEF EXECUTIVE OFFICER**

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**DIRECTOR**

## ممبران کے لئے ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو اختتام پذیر ہونے والی دوسری سہ ماہی اور نصف سال کی مدت کے غیر آڈٹ شدہ مالی نتائج پیش کرنے پر بے حد مسرت محسوس کر رہے ہیں

مالی نتائج:

کمپنی کی 31 دسمبر 2020 کو اختتام پذیر ہونے والی مدت کے مالی نتائج مندرجہ ذیل ہے۔

اختتامی سہ ماہی		اختتامی ششماہی		
31 دسمبر 2019	31 دسمبر 2020	31 دسمبر 2019	31 دسمبر 2020	تفصیل
روپے ہزاروں میں	روپے ہزاروں میں	روپے ہزاروں میں	روپے ہزاروں میں	
7,666,218	7,956,462	16,964,905	15,038,036	آمدنی
(6,178,937)	(6,837,302)	(13,707,782)	(12,927,246)	لاگت نکل
1,487,281	1,119,160	3,257,123	2,110,790	مجموعی نفع
(568,968)	(548,130)	(1,273,377)	(1,108,867)	ڈسٹری بیوشن خرچہ
(187,919)	(220,018)	(362,298)	(388,915)	کاروبار کے انتظامی اخراجات
(16,413)	(156,046)	(202,979)	(242,728)	دیگر اخراجات
10,263	289,048	107,089	339,222	دیگر آمدن
(453,486)	(322,735)	(825,003)	(658,903)	مالی لاگت
270,758	161,279	700,555	50,599	نفع نیکس سے پہلے
(12,950)	(92,863)	(140,827)	(176,937)	ٹیکسز
257,808	68,416	559,728	(126,338)	(نقصان) / نفع نیکس کی ادائیگی کے بعد
3.64	0.90	7.94	(2.09)	(نقصان) / آمدنی فی شخص بنیادی (روپیہ)
3.45	0.85	7.39	(1.91)	(نقصان) / آمدنی فی شخص ڈائریکٹس کمی کر کے (روپیہ)

31 دسمبر 2020 کو اختتام ہونے والی دوسری سہ ماہی کے لیے، کمپنی نے 7.956 بلین روپے کمائے اس کے مقابلے میں پچھلے مالی سال کی اسی دوسری سہ ماہی کے

دوران 7.666 بلین روپے کمائے تھے۔ 31 دسمبر، 2020 کو اختتام ہونے والی سہ ماہی کے دوران، کمپنی کو 1,119.160 ملین (فی شخص کمائی 0.90 روپے) مجموعی

منافع ہوا۔ جو کہ گزشتہ اسی مدت میں 1,487.281 ملین (فی شخص کمائی 3.64 روپے) مجموعی منافع ہوا تھا۔

موجودہ مالیاتی سال کی پہلی سہ ماہی کے مقابلے میں کمپنی کے نتائج موجودہ مالی سال کی دوسری سہ ماہی میں بہتر ہوئے ہیں۔ دوسری سہ ماہی میں بہتر نتائج COVID-19 ویکسین کی دستیابی دوبارہ شروع کرنے کی وجہ سے ہیں۔

صنعت / مارکیٹ کا جائزہ:

مجموعی طور پر معیشت کے حالات بہتر ہو رہے ہیں۔ اسی مدت کے لئے ملک کی برآمدات میں گزشتہ سال (SPLY) کے مقابلے میں اضافہ ہوا ہے۔ مزید برآں جب اسی مالی سال کی پہلی سہ ماہی کے مقابلے میں دوسری سہ ماہی میں برآمدات میں اضافے کا اشارہ مل رہا ہے تو اس کا اشارہ مقامی مصنوعات کے لئے بہتر مواقع ہیں۔

COVID-19 وبائی مرض کے دوران حکومت نے اس بحران کا بھرپور جواب دیا اور پہلے مرحلے میں لاک ڈاؤن کے لئے سخت پالیسی اپنائی تو قریباً جاری ہے کہ

COVID-19 کی موجودہ لہر کا بھی اچھی طرح سے انتظام کیا جائے گا۔ توقع ہے کہ ملک کے معاشی اشارے سے مستحکم معاشی حالتوں کی طرف آہستہ آہستہ بہتری ہوگی۔

اسٹیٹ بینک آف پاکستان نے مختلف مضمو یوں کا اعلان کر کے معیشت پر COVID-19 کے منفی اثرات کو کم کرنے میں بہت اہم اور بروقت کردار ادا کیا۔ خاص طور پر پالیسی ریٹ میں کمی، اور عارضی معاشی ری فنانس سہولت (ٹی ای آر ایف)، بطور مدنی قرضوں کی ادائیگی میں ایک سال کی چھوٹ، کارکنوں کو توڑیوں سے محروم ہونے سے بچانے کے لیے تنخواہ اور اجرتوں کی ری فنانسنگ اور نیکس ریٹینڈرز کی واپسی شامل ہے۔

مستقبل کا نقطہ نظر:

معیشت میں کچھ بہتری کے اشارے کے ساتھ جس میں COVID-19 کی ویکسین کی دستیابی بھی شامل ہے۔ توقع کی جارہی ہے کہ COVID-19 وبائی مرض کے اثرات کم ہو جائیں گے اور اس کے مطابق عالمی معاشی سرگرمیاں معمول پر آئیں گی۔ یہ بھی توقع کی جارہی ہے کہ معیشت کے پیسے کو متحرک رکھنے کے لئے قلیل مدت میں سود کی شرحوں میں کوئی اضافہ نہیں ہوگا۔

کمپنی کی انتظامیہ نے اپنی لاگت کو زیادہ سے زیادہ استعمال کرتے ہوئے لاگت کی عقلیت سازی، موثر خریداری کی حکمت عملی وغیرہ کے ذریعے برقرار رکھنے کے لئے ہمیشہ مستحکم کوششیں کی ہیں اور اس کے مطابق کمپنی اپنے اصولوں پر عمل پیرا ہے۔ تاکہ اس بات کو یقینی بنایا جاسکے کہ کمپنی کو حصص یافتگان کی بھلائی کے لئے زیادہ سے زیادہ ویلٹھ پیدا کی جاسکے۔

بورڈ کی ترتیب:

7 ڈائریکٹرز کی کل تعداد

(a) مرد 6

(b) عورت 1

ترتیب

(i) آزاد ڈائریکٹرز 2

(ii) دیگر نان ایگزیکٹو ڈائریکٹرز 4

(iii) ایگزیکٹو ڈائریکٹرز 1

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب شبیر احمد عابد	چیئر مین 1 ممبر
2	جناب نصیر احمد شاہ	ممبر
3	جناب شاہد اقبال	ممبر

انسانی وسائل اور معاوضہ کمیٹی:

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب شاہد اقبال	چیئر مین 1 ممبر
2	جناب شاہد نذیر احمد	ممبر
3	جناب شبیر احمد عابد	ممبر

ریسک مینجمنٹ کمیٹی:-

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب شاہد نذیر احمد	چیئر مین 1 ممبر
2	جناب نصیر احمد شاہ	ممبر
3	جناب شاہد اقبال	ممبر

نامزدگی کمیٹی:-

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب نصیر احمد شاہ	چیئر مین 1 ممبر
2	جناب شبیر احمد عابد	ممبر
3	جناب شاہد اقبال	ممبر

ڈائریکٹرز کا معاوضہ:

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو اجلاس فیس کے علاوہ معاوضہ ادائیں کرتی۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے گئے معاوضہ کی مجموعی رقم منسلک مالی حسابات کے نوٹ 09 میں درج کی گئی ہے۔

اعتراف:

آپ کے ڈائریکٹرز تمام اسٹیٹ ہولڈرز کی مسلسل حمایت اور عزم کی تعریف کرتے ہیں وہ بینکوں اور مالیاتی اداروں کے خصوصی شکر گزار ہیں۔ وہ کمپنی کے عملے اور ملازمین کی محنت اور پر خلوص کارکردگی کا بھی اعتراف کرتے ہیں۔

از طرف بورڈ

ڈائریکٹر

فیصل آباد

26 فروری، 2021

چیف ایگزیکٹو آفیسر

# **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Masood Textile Mills Limited**

**Report on review of Condensed Interim Financial Statements**

## **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of MASOOD TEXTILE MILLS LIMITED as at 31 December 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to condensed interim financial statements for the half year then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2020.

## **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Liaqat Ali Panwar.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Faisalabad**

**Date: 26 February, 2021**

# MASOOD TEXTILE

## CONDENSED INTERIM STATEMENT OF FINANCIAL

	NOTE	Un-audited 31 December 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020 (RUPEES IN THOUSAND)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
125 000 000 (30 June 2020: 125 000 000) ordinary shares of Rupees 10 each		1,250,000	1,250,000
60 000 000 (30 June 2020: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		1,850,000	1,850,000
		1,850,000	1,850,000
<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		2,447,552	2,447,552
<b>Revenue reserves</b>		3,698,594	3,872,614
<b>Total equity</b>		8,636,145	8,810,165
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	3	6,274,130	7,254,526
Lease liabilities		61,442	210,712
Deferred liabilities		1,013,254	964,354
		7,348,826	8,429,592
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,810,352	2,461,960
Unclaimed dividend		11,163	65,262
Dividend payable		47,682	-
Accrued mark-up		199,136	394,784
Short term borrowings		16,266,900	15,835,860
Current portion of non-current liabilities		2,184,335	630,857
Provision for taxation		176,937	368,629
		22,696,505	19,757,352
<b>TOTAL LIABILITIES</b>		30,045,331	28,186,944
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		38,681,476	36,997,109

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

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

\_\_\_\_\_  
DIRECTOR

# MILLS LIMITED

## POSITION AS AT 31 DECEMBER 2020

	NOTE	Un-audited 31 December 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	13,602,242	13,612,031
Right-of-use assets	6	171,720	320,505
Long term advances		6,910	8,060
Long term security deposits		92,544	98,775
		13,873,416	14,039,371
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		2,226,143	2,247,674
Stock in trade		9,779,165	8,125,166
Trade debts		7,148,774	7,763,851
Loans and advances		593,854	537,886
Short term deposits and prepayments		1,038,204	1,072,743
Other receivables		2,403,112	1,834,186
Short term investments		414,465	203,218
Cash and bank balances		1,204,343	1,173,014
		24,808,060	22,957,738
<b>TOTAL ASSETS</b>		38,681,476	36,997,109

CHIEF FINANCIAL OFFICER

**MASOOD TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Half year ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
------(RUPEES IN THOUSAND)-----				
REVENUE	15,038,036	16,964,905	7,956,462	7,666,218
COST OF SALES	(12,927,246)	(13,707,782)	(6,837,302)	(6,178,937)
GROSS PROFIT	2,110,790	3,257,123	1,119,160	1,487,281
DISTRIBUTION COST	(1,108,867)	(1,273,377)	(548,130)	(568,968)
ADMINISTRATIVE EXPENSES	(388,915)	(362,298)	(220,018)	(187,919)
OTHER EXPENSES	(242,728)	(202,979)	(156,046)	(16,413)
OTHER INCOME	339,222	107,089	289,048	10,263
FINANCE COST	(658,903)	(825,003)	(322,735)	(453,486)
PROFIT BEFORE TAXATION	50,599	700,555	161,279	270,758
TAXATION	(176,937)	(140,827)	(92,863)	(12,950)
(LOSS) / PROFIT AFTER TAXATION	(126,338)	559,728	68,416	257,808
(LOSS) / EARNINGS PER SHARE - BASIC (RUPEES)	(2.09)	7.94	0.90	3.64
- DILUTED (RUPEES)	(1.91)	7.39	0.85	3.45

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 (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

Half year ended		Quarter ended	
31 December 2020	31 December 2019	31 December 2020	31 December 2019

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

(LOSS) / PROFIT AFTER TAXATION	(126,338)	559,728	68,416	257,808
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OTHER COMPREHENSIVE INCOME

**Items that will not be reclassified  
subsequently to profit or loss**

-	-	-	-
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**Items that may be reclassified  
subsequently to profit or loss**

-	-	-	-
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Other comprehensive income for the period	-	-	-	-
---	---	---	---	---

TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(126,338)	559,728	68,416	257,808
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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 (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	CAPITAL				RESERVES			TOTAL EQUITY		
	SHARE CAPITAL	Share premium	Redemption fund	Surplus on revaluation of freehold land	REVENUE					
					Sub total	General	Unappropriated profit		Sub total	TOTAL
----- (RUPEES IN THOUSAND) -----										
<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
Transactions with owners: Dividend at the rate of Rupees 1.50 per share (Ordinary shares) Dividend at the rate of Rupees 1.09 per share (Preference shares)	-	-	-	-	-	-	(101,250)	(101,250)	(101,250)	(101,250)
Profit for the half year ended 31 December 2019	-	-	-	-	-	-	559,728	559,728	559,728	559,728
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	559,728	559,728	559,728	559,728
<b>Balance as at 31 December 2019 - (Un-audited)</b>	986,666	1,375,000	128,333	900,234	2,403,567	714,500	7,817,498	8,531,998	10,935,565	11,922,231
Loss for the half year ended 30 June 2020	-	-	-	-	-	-	(4,680,007)	(4,680,007)	(4,680,007)	(4,680,007)
Other comprehensive income for the half year ended 30 June 2020	-	-	-	1,547,318	1,547,318	-	20,623	20,623	1,567,941	1,567,941
Total comprehensive income / (loss) for the half year ended 30 June 2020	-	-	-	1,547,318	1,547,318	-	(4,659,384)	(4,659,384)	(3,112,066)	(3,112,066)
<b>Balance as at 30 June 2020 - (Audited)</b>	986,666	1,375,000	128,333	2,447,552	3,950,885	714,500	3,158,114	3,872,614	7,823,499	8,810,165
Transactions with owners: Dividend at the rate of Rupees 1.53 per share (Preference shares)	-	-	-	-	-	-	(47,682)	(47,682)	(47,682)	(47,682)
Loss for the half year ended 31 December 2020	-	-	-	-	-	-	(126,338)	(126,338)	(126,338)	(126,338)
Other comprehensive income for the half year ended 31 December 2020	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2020	-	-	-	-	-	-	(126,338)	(126,338)	(126,338)	(126,338)
<b>Balance as at 31 December 2020 - (Un-audited)</b>	986,666	1,375,000	128,333	2,447,552	3,950,885	714,500	2,984,094	3,698,594	7,649,479	8,636,145

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 (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	NOTE	Half year ended	
		31 December 2020	31 December 2019
<b>(RUPEES IN THOUSAND)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	7	938,409	1,542,146
Finance cost paid		(844,613)	(793,938)
Mark-up paid against lease liabilities		(10,742)	(1,513)
Income tax paid		(147,893)	(213,095)
Dividend paid to ordinary shareholders		(54,099)	(69,166)
Dividend paid to preference shareholders		-	(33,986)
Gratuity paid		(124,044)	(59,869)
Net decrease / (increase) in long term advances		1,150	(7,424)
Net decrease / (increase) in long term security deposits		6,231	(16,325)
<b>Net cash (used in) / generated from operating activities</b>		<b>(235,601)</b>	<b>346,830</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		11,127	587,747
Capital expenditure on property, plant and equipment		(461,207)	(1,474,784)
Investments made		(211,247)	-
<b>Net cash used in investing activities</b>		<b>(661,327)</b>	<b>(887,037)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,003,675	2,571,772
Repayment of long term financing		(421,464)	(873,927)
Repayment of lease liabilities		(84,994)	(6,479)
Short term borrowings - net		431,040	1,113,612
<b>Net cash from financing activities</b>		<b>928,257</b>	<b>2,804,978</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>31,329</b>	<b>2,264,771</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>1,173,014</b>	<b>380,463</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1,204,343</b>	<b>2,645,234</b>

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 (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**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**

- ii) 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 2020. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors 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 2020 except as disclosed in Note 2.3.

**2.2 Critical accounting estimates and judgments**

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 2020.

### 2.3 Government grants

The benefit of lower interest rate than market rate on borrowings obtained under State Bank of Pakistan (SBP) refinance scheme for payment of salaries and wages to the employees and workers of the Company, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognized and presented as deferred government grant.

In subsequent periods, the grant shall be amortized over the period of loan and amortization shall be recognized in the profit or loss.

Un-audited	Audited
31 December	30 June
2020	2020
<b>(RUPEES IN THOUSAND)</b>	

### 3. LONG TERM FINANCING - SECURED

Opening balance	7,755,519	5,958,439
Add: Obtained during the period / year	1,003,675	3,067,377
	8,759,194	9,025,816
Less: Repaid during the period / year	421,464	1,270,297
Deferred income - Government grant (Note 3.1)	73,960	-
	495,424	1,270,297
	8,263,770	7,755,519
Less: Current portion shown under current liabilities	1,989,640	500,993
	6,274,130	7,254,526

- 3.1 This represents deferred income on initial recognition of loans obtained under SBP Refinance Scheme for payment of wages and salaries to workers.

### 4. CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

i) Guarantees of Rupees 244.995 million (30 June 2020: 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) On 13 August 2020, the Supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 14 September 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rupees 23.625 million related to this difference, subject to furnishing of post dated cheques. Post dated cheques are being monthly furnished by the Company. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favourable outcome of the petition.

**b) Commitments**

- i) Contracts for capital expenditure are amounting to Rupees 106.281 million (30 June 2020: Rupees 167.148 million) and other than capital expenditure are of Rupees 1,698.092 million (30 June 2020: Rupees 628.862 million).
- ii) Ijarah commitments are amounting to Rupees 103.369 million (30 June 2020: Rupees 122.905 million).

Un-audited 31 December 2020	Audited 30 June 2020
-----------------------------------	----------------------------

(RUPEES IN THOUSAND)

**5. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets (Note 5.1)	13,391,958	13,161,273
Capital work-in-progress	210,284	450,758
	13,602,242	13,612,031

**5.1 Operating fixed assets**

Opening book value	13,161,273	10,492,605
<b>Add:</b>		
Surplus on revaluation of freehold land	-	1,547,318
Cost of additions during the period / year (Note 5.1.1)	701,681	2,544,620
Book value of assets transferred from right-of-use assets	-	34,442
	13,862,954	14,618,985
Less: Book value of deletions during the period / year (Note 5.2)	3,214	557,747
	13,859,740	14,061,238
Less: Depreciation charged during the period / year	467,782	899,965
	13,391,958	13,161,273

**5.1.1 Cost of additions during the period / year**

Freehold land	-	596,128
Buildings on freehold land	22,418	62,892
Plant and machinery	599,647	1,573,965
Electric and gas installations	39,477	165,500
Factory equipment	3,113	10,283
Telephone installations	243	1,890
Furniture and fixtures	18,911	44,992
Office equipment	894	1,402
Computer equipment	7,773	60,910
Vehicles	9,205	26,658
	701,681	2,544,620

**5.2 Book value of deletions during the period / year**

Plant and machinery	-	516,739
Electric and gas installations	-	15,252
Factory equipment	-	2,178
Telephone installations	-	41
Furniture and fixtures	-	10,895
Office equipment	-	7
Computer equipment	-	4,572
Vehicles	3,214	8,063
	3,214	557,747

Un-audited	Audited
31 December	30 June
2020	2020

(RUPEES IN THOUSAND)

## 6. RIGHT-OF-USE ASSETS

Opening book value	320,505	270,314
Add: Additions during the period / year - Buildings	82,782	238,560
	<u>403,287</u>	<u>508,874</u>
Less: Book value of assets eliminated due to termination of lease / transferred to operating fixed assets (Note 6.1)	140,488	34,442
	<u>262,799</u>	<u>474,432</u>
Less: Depreciation charged during the period / year	91,079	153,927
	<u>171,720</u>	<u>320,505</u>

### 6.1 Book value of assets eliminated due to termination of lease / transferred to operating fixed assets

Buildings	140,488	-
Plant and machinery	-	27,314
Vehicles	-	7,128
	<u>140,488</u>	<u>34,442</u>

(Un-audited)	
Half year ended	
31 December	31 December
2020	2019

(RUPEES IN THOUSAND)

## 7. CASH GENERATED FROM OPERATIONS

Profit before taxation	50,599	700,555
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### Adjustments for non-cash charges and other items:

Depreciation	558,861	436,076
Provision for gratuity	151,372	154,927
Gain on sale of property, plant and equipment	(7,913)	(35,498)
Finance cost	658,903	825,003
Allowance for expected credit losses	-	2,320
Reversal of allowance for expected credit losses - net	(194,494)	-
De-recognition of accrued interest on debt instruments	-	476
Gain on remeasurement of deferred liability	(2,740)	-
Gain on termination of lease liability	(10,388)	-
Working capital changes (Note 7.1)	(265,791)	(541,713)
	<u>938,409</u>	<u>1,542,146</u>

### 7.1 Working capital changes

#### Decrease / (increase) in current assets:

Stores, spare parts and loose tools	21,531	(439,678)
Stock in trade	(1,653,999)	(1,681,572)
Trade debts	809,571	2,196,301
Loans and advances	(55,968)	(23,344)
Short term deposits and prepayments	(186,197)	(42,777)
Other receivables	(568,926)	(160,202)
	<u>(1,633,988)</u>	<u>(151,272)</u>
Increase / (decrease) in trade and other payables	1,368,197	(390,441)
	<u>(265,791)</u>	<u>(541,713)</u>

8. SEGMENT INFORMATION

8.1 Segment results

	Spinning		Knitting		Processing and Garments		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revenue	739,793	867,922	111,614	152,527	14,186,629	15,944,456	-	-	15,038,036	16,964,905
External Intersegment	1,450,980	932,887	6,605,003	5,838,959	7,959,153	17,115	(7,990,108)	(6,360,651)	15,038,036	16,964,905
	2,230,259	1,730,689	6,605,017	5,838,996	14,194,208	15,959,871	(7,990,108)	(6,360,651)	15,038,036	16,964,905
Cost of sales	(2,164,293)	(1,671,965)	(6,478,564)	(5,463,145)	(12,274,497)	(12,933,323)	7,990,108	6,360,651	(12,927,246)	(13,707,782)
Gross profit	65,966	58,724	125,053	175,851	1,919,771	3,022,548	-	-	2,110,790	3,257,123
Distribution cost	(25,554)	(24,047)	(52,353)	(66,576)	(1,182,754)	(1,182,754)	-	-	(1,108,867)	(1,273,377)
Administrative expenses	(21,502)	(19,299)	(57,200)	(65,437)	(309,693)	(277,562)	-	-	(388,915)	(362,298)
	(47,056)	(43,346)	(110,073)	(132,013)	(1,340,653)	(1,460,316)	-	-	(1,497,782)	(1,635,675)
Profit before taxation and unallocated income and expenses	18,910	15,378	14,980	43,838	579,118	1,562,232	-	-	613,008	1,621,448
<b>Unallocated income and expenses:</b>										
Other expenses									(94,778)	(202,979)
Other income									338,222	107,089
Finance cost									(658,903)	(825,003)
Taxation									(176,937)	(140,827)
(Loss) / profit after taxation									(126,338)	(559,728)

8.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Knitting		Processing and Garments		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Total assets for reportable segments	2,803,772	2,712,468	2,933,172	2,498,141	20,042,326	19,094,761	25,779,270	24,305,370
Unallocated assets							12,902,206	12,691,739
Total assets as per condensed interim statement of financial position							38,681,476	36,997,109
Total liabilities for reportable segments	165,327	184,799	1,159,546	499,717	3,725,449	3,201,844	5,050,322	3,886,360
Unallocated liabilities							24,995,009	24,300,584
Total liabilities as per condensed interim statement of financial position							30,045,331	28,186,944
<b>Segment wise and geographical location wise disaggregation of revenue</b>								
America and Canada	-	-	-	-	7,698,496	11,859,272	7,698,496	11,859,272
Europe	-	-	-	-	3,277,085	1,877,611	3,277,085	1,877,611
Asia, Africa and Australia	113,811	38,739	-	-	1,929,584	681,971	2,043,395	730,710
Pakistan	625,982	829,183	111,614	152,527	1,281,464	1,525,602	2,019,060	2,507,312
	739,793	867,922	111,614	152,527	14,186,629	15,944,456	15,038,036	16,964,905

## 9. 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			
Half Year Ended		Quarter Ended	
31 December 2020	31 December 2019	31 December 2020	31 December 2019

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

### i) Transactions

#### Associated company

Purchase of services	-	49,079	-	49,079
Purchase of operating fixed assets	26,860	-	26,860	-
Sales of goods and services	68,324	744,941	25,979	269,294
Dividend paid	44,362	-	-	-

#### Other related parties

Dividend paid	-	32,959	-	32,959
Loans obtained from Chief Executive Officer and Sponsor	200,000	-	10,000	-
Remuneration paid to Chief Executive Officer, Directors and Executives	120,876	109,679	69,558	70,267

<b>Un-audited</b>	<b>Audited</b>
<b>31 December</b>	<b>June 30</b>
<b>2020</b>	<b>2020</b>
<b>(RUPEES IN THOUSAND)</b>	

### ii) Period end balances

#### Associated company

Trade debts	532,086	876,761
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#### Other related parties

Long term advances	6,910	8,510
Loans and advances	2,180	2,330
Short term borrowings	200,000	-

## 10. RECOGNIZED FAIR VALUE MEASUREMENTS

### (i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level follows underneath the table:

Level 1	Level 2	Level 3	Total
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------(RUPEES IN THOUSAND)-----

#### Financial assets - recurring fair value measurement

At fair value through profit or loss	314,465	-	-	314,465
<b>At 31 December 2020 - unaudited</b>	<b>314,465</b>	<b>-</b>	<b>-</b>	<b>314,465</b>
At fair value through profit or loss	103,218	-	-	103,218
<b>At 30 June 2020 - audited</b>	<b>103,218</b>	<b>-</b>	<b>-</b>	<b>103,218</b>



The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer out of level 3 measurements.

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

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

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

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

**(ii) Valuation techniques used to determine fair values**

Specific valuation technique used to value financial instruments include the use of quoted market prices.

**11. 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 2020.

**12. DATE OF AUTHORIZATION**

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on 26 February, 2021

**13. 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.

**14. GENERAL**

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

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CHIEF EXECUTIVE OFFICER

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DIRECTOR

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CHIEF FINANCIAL OFFICER

# **BOOK POST**

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