ANNUAL REPORT 2010

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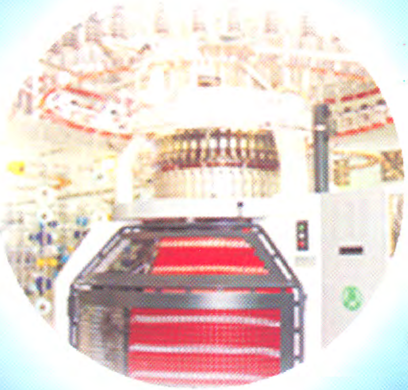

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MASOOD TEXTILE MILLS LIMITED

بسم الله الرحمن الرحيم

CONTENTS

COMPANY INFORMATION

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, West Canal Road, Farooqabad, Faisalabad on Saturday, 30th October, 2010 at 11:00 A.M. to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 31st March, 2010.
2. To receive and adopt the Audited Accounts of the Compa' or the financial year ended 30th June, 2010.
3. To approve the payment of cash dividend @ 15 % (Rs. 1.50 per ordinary share), as recommended by the Board of Directors.
4. To appoint Auditors and to fix their remuneration for the financial year ending 30th June, 2011. M/s Riaz Ahmad & Company, Chartered Accountants, retire and being eligible offer themselves for their re-appointment.
5. To consider any other business that may be placed before the meeting with the permission of the chair.

FOR AND ON BEHALF OF THE BOARD

Faisalabad: 04 October, 2010 **(COMPANY SECRETARY)**

NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 28th October to 5th November, 2010 (both days inclusive) for the determination of entitlement of cash dividend on Ordinary Shares. Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 27th October, 2010 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 28th October to 5th November, 2010 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. (Rs.1.46 per share). Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 27th October, 2010 will be treated in time.
3. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at the Registered Office of the Company, duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith. However, Preference Shareholders are not entitled to attend the meeting, since Preference Shares carry no voting rights.
4. Share holders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.
5. Share holders are requested to notify any change in their addresses immediately. Moreover, the share holders claiming exemption from Zakat are required to file their Declaration with our Share Registrar.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of Masood Textile Mills Limited are pleased to present 26th Annual Report of the Company comprising of Annual Accounts for the financial year ended 30th June, 2010 along with Auditors' Report thereon. The financial results for the year under discussion depict significant improvement in the financial state of affairs of the Company. It reflects an increase of 34.48% in sales which soared from Rupees 10.946 Billion to Rupees 14.721 Billion during the year under review, mainly due to increase in exports. Gross Profit margin increased from Rupees 2.095 Billion to Rupees 2.635 Billion compared with the previous year. This resulted an all times high profit for the year before taxation, an improvement from Rupees 550.111 Million to Rupees 904.428 Million, an increase of 64.41% over the corresponding period last year. Moreover, restated earning per share was enhanced from Rupees 13.09 to Rupees 19.55 during the year under review. These remarkable results could only be achieved by employing aggressive marketing strategies to boost exports in the most competitive international markets, production of quality products at optimal capacity utilization, timely delivery of export orders, improvement in efficiency & productivity and better controls over cost of production including reduction in financial cost by efficient utilization of credit facilities at cheaper cost etc. We provide below the comparative financial results of the Company:

	2010	2009
	(RUPEES IN THOUSAND)	
SALES	14,720,830	10,946,180
COST OF SALES	12,085,511	8,851,416
GROSS PROFIT	2,635,319	2,094,764
DISTRIBUTION COST	836,458	605,061
ADMINISTRATIVE EXPENSES	219,050	160,057
OTHER OPERATING EXPENSES	94,351	71,077
	1,149,859	836,195
	1,485,460	1,258,569
OTHER OPERATING INCOME	14,242	11,397
PROFIT FROM OPERATIONS	1,499,702	1,269,966
FINANCE COST	595,274	719,855
PROFIT BEFORE TAXATION	904,428	550,111
PROVISION FOR TAXATION	143,533	98,405
PROFIT AFTER TAXATION	760,895	451,706
		(Restated)
EARNINGS PER SHARE - BASIC (RUPEES)	19.55	13.09
- DILUTED (RUPEES)	10.54	6.08

We are constantly doing balancing, modernization and replacement to achieve optimal efficiency of our production facilities in order to boost our exports to the optimum level. Our customers' base has expanded globally during the recent years under DTS (Direct to Stores) model. Moreover, the product mix under DTS export terms and fashion programs have provided better margins. We are determined to continue our efforts to avail further potential business opportunities in future.

The textile industry has been passing through a very bad patch due to prevailing alarming cotton/yarn prices, electricity and gas shortages and cost increases simultaneously, uncertain law and order situation, negative effect of current worst ever flood in the history and high inflationary trends in cost of production have adversely affected operational performance. Besides all these challenges, your management is committed to a continuous business growth that will mitigate the adverse affect of above factors by implementing improved efficiency and productivity, extra shift working and effective cost control measures. We also expect the Government to ensure the implementation of textile package already announced and to introduce business friendly policies to keep the wheel of textile industry moving so that the increased exports may lead to earning maximum foreign exchange and creating more job opportunities.

During the financial year under review, election of Directors was held wherein all the retiring Directors were re-elected for the next term of three years. We deep heartedly thank our members for showing their trust and confidence in their Board of Directors. It will certainly encourage us to take bold decisions for achieving high profitability and taking the Company to even higher horizons.

During the financial year under review, Paid-up Capital of the Company against Ordinary Shares was enhanced from Rupees 300.000 Million to Rupees 600.000 Million by issuing 30.000 million Right Shares at a premium of Rupees 10 each .The response of the shareholders including NIT and other corporations was very encouraging. As a result of Right issue fresh funds of Rupees 600.000 Million have been injected into the company to meet the requirements for repayment of long term debts, modernization of production facilities to improve the efficiencies and to provide funds for permanent Working Capital to increase exports under DTS (Direct to Stores) scheme.

Keeping in view the profitability and in line with continuous payout history of the Company, your Directors have recommended 15.00% cash dividend (Rupees1.50 per ordinary share) for holders of Ordinary Shares for the financial year under review.

In addition to Ordinary Shares, the Company had also issued 60,000,000 Preference Shares of the value of Rupees 600.000 million to the financial institutions to meet its working capital requirements. During the financial year under review, 5,833,333 Preference Shares were redeemed, as per our obligation. Under the agreed terms and conditions of Preference Shares, Preferred Dividend of Rupees 1.46 per share has been computed on the basis of average six months KIBOR + 200 bps per annum.

In accordance with the relevant provisions of Corporate Governance, the Directors are pleased to state that financial statements along with cash flow statement and statement of changes in equity, present a fair view of the state of Company's affairs along with a proper maintenance of books of accounts. Appropriate accounting policies based on reasonable and prudent judgment have been consistently applied and International Accounting Standards, as applicable in Pakistan, have been followed in preparing the financial statements for the year under view. The Directors further state that the systems of internal controls are sound in design and have been effectively implemented and monitored. There is no significant doubt upon the Company's ability to continue as a going concern and there has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

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

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

M/s. Riaz Ahmad & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended the re-appointment of M/s. Riaz Ahmad & Company, Chartered Accountants as auditors of the Company for the next financial year ending 30th June, 2011.

The Statement of Compliance with the Code of Corporate Governance is enclosed. Annexed to the Directors' Report, we are enclosing our comparative financial data for the last six years. We are also enclosing Form-34 containing the pattern of share holding along with additional information, as on 30th June, 2010.

We wish to place on record our acknowledgment for the co-operation, hard work and devoted efforts of the officers and workers of the Company for maintaining a pleasant atmosphere to achieve their targets and timely compliance of export orders. We also appreciate the patronage and confidence placed in the Company by our customers, suppliers, bankers, advisors and shareholders for their continued support and guidance.

FOR AND ON BEHALF OF THE BOARD

Faisalabad: 04 October, 2010

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

SIX YEARS FINANCIAL RESULTS

(RUPEES IN THOUSAND)

	2010	2009	2008	2007	2006	2005
SALES	14,720,830	10,946,180	7,484,785	6,017,735	4,899,190	3,163,252
COST OF SALES	12,085,511	8,851,416	6,428,798	4,963,190	4,000,910	2,591,194
GROSS PROFIT	2,635,319	2,094,764	1,055,987	1,054,545	898,280	572,058
DISTRIBUTION COST	836,458	605,061	348,281	289,470	245,922	151,475
ADMINISTRATIVE EXPENSES	219,050	160,057	139,577	132,967	123,812	94,319
OTHER OPERATING EXPENSES	94,351	71,077	29,855	31,586	13,766	43,017
	1,149,859	836,195	517,713	454,023	383,500	288,811
	1,485,460	1,258,569	938,274	600,522	514,780	283,247
OTHER OPERTING INCOME	14,242	11,397	8,700	6,887	2,778	1,817
PROFIT FROM OPERATIONS	1,499,702	1,269,966	946,974	607,409	517,558	285,064
FINANCE COST	595,274	719,855	538,964	439,539	335,266	154,904
PROFIT BEFORE TAXATION	904,428	550,111	408,010	167,870	182,292	130,160

VISION STATEMENT

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

MISSION STATEMENT

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the financial year under review. However, new election of Directors was held during the year to appoint seven Directors for the next term of three years.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by the directors and employees of the Company.

6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board and the Board met seven times during the year. Written Notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has managed orientation for its directors to apprise them of their duties and responsibilities.

10. The Board had already approved appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of three members including the Chairman of the Committee.

16. The meetings of the Audit Committee were held prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function to carry out the policies and procedures of the Company.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied.

For Masood Textile Mills Limited

Faisalabad:
04 October, 2010

(SHAHID NAZIR AHMAD)
Chairman/Chief Executive Officer

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **MASOOD TEXTILE MILLS LIMITED** ("the Company") for the year ended 30 June 2010, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2010.

RIAZ AHMAD AND COMPANY
Chartered Accountants

Name of engagement Partner:
Liaqat Ali Panwar

Date: 05 October, 2010
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MASOOD TEXTILE MILLS LIMITED** as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a.) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

b.) in our opinion:

i) the balance sheet and profit and loss account, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in Note 2.1 (d) (i) with which we concur;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c.) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2010 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d.) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

RIAZ AHMAD AND COMPANY
Chartered Accountants

Name of engagement Partner:
Liaqat Ali Panwar

Date: 05 October, 2010
FAISALABAD

BALANCE SHEET AS

	NOTE	2010	2009
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
65 000 000 (2009: 65 000 000) ordinary shares of Rupees 10 each		650,000	650,000
60 000 000 (2009: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		1,250,000	1,250,000
Issued, subscribed and paid up share capital	3	1,141,667	900,000
Reserves	4	2,152,708	1,238,446
Total Equity		3,294,375	2,138,446
Surplus on revaluation of operating fixed assets		379,420	379,420
Deferred income on sale and lease back of operating fixed assets		352	2,515
NON-CURRENT LIABILITIES			
Long term financing	5	1,463,491	1,672,877
Liabilities against assets subject to finance lease	6	118,152	128,071
Deferred liability for gratuity	7	185,886	148,770
		1,767,529	1,949,718
CURRENT LIABILITIES			
Trade and other payables	8	1,822,699	1,201,683
Accrued mark-up	9	137,069	196,958
Short term borrowings	10	4,320,052	3,285,109
Current portion of non-current liabilities	11	432,086	369,485
Provision for taxation		143,533	98,405
		6,855,439	5,151,640
Total Liabilities		8,622,968	7,101,358
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		12,297,115	9,621,739

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

CHIEF EXECUTIVE OFFICER

AT 30 JUNE 2010

	NOTE	2010	2009
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	3,942,511	3,149,557
Long term advances	14	3,188	4,816
Long term security deposits		8,842	12,242
		3,954,541	3,166,615
CURRENT ASSETS			
Stores, spare parts and loose tools	15	484,809	432,437
Stock in trade	16	2,789,329	1,727,771
Trade debts	17	3,538,815	3,197,857
Loans and advances	18	205,052	146,124
Short term deposits and prepayments	19	248,099	180,689
Other receivables	20	594,396	449,220
Cash and bank balances	21	482,074	321,026
		8,342,574	6,455,124
TOTAL ASSETS		12,297,115	9,621,739

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010	2009
		(RUPEES IN THOUSAND)	
SALES	22	14,720,830	10,946,180
COST OF SALES	23	12,085,511	8,851,416
GROSS PROFIT		2,635,319	2,094,764
DISTRIBUTION COST	24	836,458	605,061
ADMINISTRATIVE EXPENSES	25	219,050	160,057
OTHER OPERATING EXPENSES	26	94,351	71,077
		1,149,859	836,195
		1,485,460	1,258,569
OTHER OPERATING INCOME	27	14,242	11,397
PROFIT FROM OPERATIONS		1,499,702	1,269,966
FINANCE COST	28	595,274	719,855
PROFIT BEFORE TAXATION		904,428	550,111
PROVISION FOR TAXATION	29	143,533	98,405
PROFIT AFTER TAXATION		760,895	451,706
			(Restated)
EARNINGS PER SHARE - BASIC (RUPEES)	30	19.55	13.09
- DILUTED (RUPEES)	30	10.54	6.08

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	760,895	451,706
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	760,895	451,706

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010	2009
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	1,815,427	1,495,911
Finance cost paid		(655,163)	(607,808)
Income tax paid		(151,496)	(110,607)
Dividend paid to ordinary shareholders		(45,917)	(51,309)
Dividend paid to preference shareholders		(101,633)	(72,060)
Gratuity paid		(27,248)	(25,402)
Net decrease in long term security deposits		3,400	4,096
Net cash generated from operations		837,370	632,821
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		56,926	23,152
Fixed capital expenditure		(1,025,161)	(394,853)
Long term advances		1,628	1,188
Net cash used in investing activities		(966,607)	(370,513)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing acquired		374,834	114,222
Repayment of long term financing		(519,113)	(71,074)
Repayment of preference shares		(58,333)	-
Proceeds from issuance of right shares		600,000	-
Payment of finance lease liabilities		(107,103)	(121,685)
Net cash from / (used in) financing activities		290,285	(78,537)
NET INCREASE IN CASH AND CASH EQUIVALENTS		161,048	183,771
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		321,026	137,255
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 21)		482,074	321,026

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

(RUPEES IN THOUSAND)

	SHARE CAPITAL	RESERVES								TOTAL EQUITY
		CAPITAL			REVENUE					
		SHARE PREMIUM	CAPITAL REDEMPTION FUND	SUB TOTAL	GENERAL	UNAPPRO-PRIATED PROFIT	SUB TOTAL	TOTAL RESERVES		
Balance as at 30 June 2008	900,000	100,000	-	100,000	214,500	596,800	811,300	911,300		1,811,300
Transferred to capital redemption reserve fund	-	- -	200,000	200,000	-	(200,000)	(200,000)	-		-
Dividend at the rate of Rupee 1.75 per share (Ordinary Shares)	-	-	-	-	-	(52,500)	(52,500)	(52,500)		(52,500)
Dividend at the rate of Rupee 1.20 per share (Preference Shares)	-	-	-	-	-	(72,060)	(72,060)	(72,060)		(72,060)
Total comprehensive income for the year ended 30 June 2009	-	-	-	-	-	451,706	451,706	451,706		451,706
Balance as at 30 June 2009	900,000	100,000	200,000	300,000	214,500	723,946	938,446	1,238,446		2,138,446
Preference shares repaid	(58,333)	-	-	-	-	-	-	-		(58,333)
Transfer from capital redemption reserve fund	-	-	(58,333)	(58,333)	-	58,333	58,333	-		-
Transfer to capital redemption reserve fund	-	-	58,333	58,333	-	(58,333)	(58,333)	-		-
Right shares Issued	300,000	300,000	-	300,000	-	-	-	300,000		600,000
Dividend at the rate of Rupee 1.50 per share (Ordinary Shares)	-	-	-	-	-	(45,000)	(45,000)	(45,000)		(45,000)
Dividend at the rate of Rupee 1.69 per share (Preference Shares)	-	-	-	-	-	(101,633)	(101,633)	(101,633)		(101,633)
Total comprehensive income for the year ended 30 June 2010	-	-	-	-	-	760,895	760,895	760,895		760,895
Balance as at 30 June 2010	1,141,667	400,000	200,000	600,000	214,500	1,338,208	1,552,708	2,152,708		3,294,375

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. THE COMPANY AND ITS OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

a) Statement of Compliance

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

b) Accounting Convention

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

- Deferred liability for the staff retirement benefits which is recognized on the basis of actuarial valuation (Note 7).
- Land grouped in operating fixed assets which is carried at revalued amount (Note 13.1).
- Long term interest free loan which is carried at amortized cost (Note 5.2).

c) Critical accounting estimates and judgments

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

Deferred liability for staff retirement benefits

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

Taxation

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

Useful lives, patterns of economic benefits and impairments

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

Provision for doubtful debts/receivables

The Company reviews its receivable balances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Standard and amendments to published approved accounting standards that are effective in current year

i) Changes in accounting policies and disclosures arising from standard and amendments to published approved accounting standards that are effective in the current year

IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in confirmity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earning per share.

IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2009). This amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earning per share.

IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 01 January 2009). It introduces the "management approach" to segment reporting. IFRS 8 requires presentation and dosclosure of segment information based on internal reports regularly reviewed by the Company's chief operating decision makers in order to assess each segment's performance and to allocate resources to them. Previously, the Company did not present segment information as IAS 14 limited reportable segments to those that earn a majority of their revenue from sales to external customers and therefore did not require the different stages of vertically integrated operations to be identified as separate segments. Under the management approach, the Company has determined operating segments on the basis of business activities i.e. i) Spinning, ii) Knitting, iii) Processing and Garments. As the change in accounting policy only results in additional disclosures of segment information, there is no impact on earnings per share.

ii) Other ammendment to published approved accounting standard that is effective in the current year

IAS 23 (Amendment) 'Borrowing Costs' (effective for annual periods beginning on or after 01 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The Comapny's accounting policy on borrowing cost, as disclosed in note 2.7, complies with the above mentioned requirements to capitalize borrowing cost and hence this change has not impacted the Company's accounting policy.

e) Standards, interpretations and amendments to published approved accounting standards effective in current year but not relevant

There are other new standards, interpretations and amendments to the published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2009 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following standards and amendeds to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2010 or later periods:

IFRS 9 'Finacial Instruments' (effective for annual periods beginning on or after 01 January 2013). IRFS 9 has superseded the IAS 39 'Financial Instruments: Recognition and Measuremet'. It requires that all equity investments are to be measured at fair value while eleminating the cost model for unquoted equity investments. Certain categories of financial instruments available under IAS 39 will be eliminated. Moreover, it also amends certain discloures requirements relating to financial instruments under IFRS 7. The management of the Company is in the process of evaluating impacts of the aforesaid standard on the Company's financial statements.

There are certain amendments resulting from annual improvements projects initiated by International Accounting Standards Board in April 2009 and May 2010, specifically in IFRS 7 'Finanical Instruments: Disclosures', IFRS 8 'Operating Segments', IAS 1 'Presentation of Financial Statements', IAS 7 'Statement of Cash Flows', IAS 24 'Related Party Disclosures', and IAS 36 'Impairment of Assets' that are considered relevant to the Company's financial statements. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards, interpretations and amendments to published approved accounting standards that are not effective in current year and not considered relevant

There are other accounting standards, amendments to published approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2010 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Staff retirement benefits

The Company operates unfunded gratuity scheme for its employees. Provision is made in the books of account on the basis of actuarial computation subject to a maximum of 8.33 percent of salary of the employees. Latest actuarial valuation has been made as at 30 June 2010 by the consulting actuaries using Projected Unit Credit Acturail Cost Method.

2.3 Foreign currency

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

2.4 Taxation

Current

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

Deferred

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

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

2.5 Property, plant, equipment and depreciation

Owned

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

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

Leased – Finance Lease

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

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

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

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

Depreciation

Depreciation on property, plant and equipment is charged to income on reducing balance method at the rates given in Note 13.1 to write off the cost over their expected useful life. The Company charges depreciation on additions from the date when the asset is available for use and on deletions up to the date when asset is derecognized. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

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

2.6 Inventories

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

Stores, spare parts and loose tools

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

Stock in rade

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

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

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

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

2.7 Borrowing cost

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

2.8 Related party transactions and transfer pricing

Transactions and contracts with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method.

2.9 Provisions

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

2.10 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except for the property, plant and equipment stated under revaluation model in which case it is adjusted against the revaluation surplus. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account except for the property, plant and equipment stated under revaluation model in which case it is adjusted against the revaluation surplus.

2.11 Revenue recognition

Revenue from different sources is recognized as under:

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

2.12 Share capital

Ordinary and preference shares are classified as equity.

2.13 Financial instruments

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

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

Trade and other receivables

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

Borrowings

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

Trade and other payables

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

2.14 Off setting

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.16 Dividend and transfer of reserve

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

2.17 Segment reporting

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

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

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

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2010	2009		2010	2009
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
60 000 000	30 000 000	Ordinary shares of Rupees 10 each fully paid in cash (Note 3.1a)	600,000	300,000
54 166 667	60 000 000	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 3.1b & 3.2)	541,667	600,000
114 166 667	90 000 000		1,141,667	900,000

3.1 Movement during the year

(a) Ordinary Shares

30 000 000	30 000 000	As at 01 July	300,000	300,000
30 000 000	-	Ordinary shares of Rupees 10 each issued during the year as fully paid right shares	300,000	-
60 000 000	30 000 000		600,000	300,000

(b) Preference Shares

60 000 000	60 000 000	As at 01 July	600,000	600,000
5 833 333	-	Cumulative preference shares (non-voting) of Rupees 10 each repaid during the year	58,333	-
54 166 667	60 000 000		541,667	600,000

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

Terms of redemption

a) Conversion option

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

b) Call option

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

c) Rate of dividend

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

d) Sinking fund reserve

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

	2010	2009
	(RUPEES IN THOUSAND)	
4. RESERVES		
Composition of reserves is as follows:		
Capital		
Share premium (Note 4.1)	400,000	100,000
Capital redemption reserve fund (Note 4.2)	200,000	200,000
	600,000	300,000
Revenue		
General	214,500	214,500
Unappropriated profit	1,338,208	723,946
	1,552,708	938,446
	2,152,708	1,238,446

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

4.2 The Company has created this reserve from its profits to make payments against any call option of preference shares.

	2010	2009
5. LONG TERM FINANCING - SECURED		
Long term loans (Note 5.1)	1,732,004	1,831,193
Amortized cost of long term mark up free finance (Note 5.2)	60,602	105,692
	1,792,606	1,936,885
Less: Current portion shown under current liabilities (Note 11)	329,115	264,008
	1,463,491	1,672,877

5.1 Long term loans

LENDER	2010	2009	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST PAYABLE	SECURITY
	(RUPEES IN THOUSAND)						
5.1.1 Demand Finances / Long Term Finances for Export Oriented Projects:							
United Bank Limited	41,232	46,082	7%	Twenty four quarterly	15-02-2008	Quarterly	First charge on specific machinery
United Bank Limited	8,432	9,369	7%	Twenty four quarterly	31-03-2008	Quarterly	First charge on specific machinery
United Bank Limited	25,030	90,000	6 Month offer KIBOR+2.00%	Ten, half yearly	06-04-2009	Half yearly	Equitable/registered mortgage on operating fixed assets of the Company for Rupees 134 million
United Bank Limited	44,493	49,437	6 Month offer KIBOR+2.00%	Ten, half yearly	30-12-2009	Half yearly	First charge on specific machinery
Habib Bank Limited	25,138	25,138	10%	Twenty one, quarterly	09-01-2011	Quarterly	First charge on specific machinery
Habib Bank Limited	67,878	67,878	10%	Twenty one, quarterly	22-02-2011	Quarterly	First charge on specific machinery
Habib Bank Limited	21,206	21,206	10%	Twenty one, quarterly	18-08-2011	Quarterly	First charge on specific machinery
United Bank Limited	-	22,083	6%	Five, Half yearly	31-03-2007	Half Yearly	First charge on specific machinery
United Bank Limited	13,513	-	10%	Twenty four, quarterly	19-12-2010	Quarterly	First charge on specific machinery
United Bank Limited	13,278	-	10%	Twenty four, quarterly	20-01-2011	Quarterly	First charge on specific machinery
United Bank Limited	3,369	-	10.25%	Twenty four, quarterly	10-05-2011	Quarterly	First charge on specific machinery
United Bank Limited	9,547	-	9.20%	Twelve, quarterly	23-05-2010	Quarterly	First charge on specific machinery
United Bank Limited	2,720	-	10.25%	Twenty four, quarterly	03-06-2011	Quarterly	First charge on specific machinery
United Bank Limited	37,833	-	9.20%	Eight, quarterly	17-06-2011	Quarterly	First charge on specific machinery
United Bank Limited	27,688	-	9.30%	Eight quarterly	12-07-2011	Quarterly	First charge on specific machinery
Habib Bank Limited	17,122	-	10.25%	Twenty one, quarterly	26-05-2012	Quarterly	First charge on specific machinery
Habib Bank Limited	54,594	-	10.50%	Twenty one, quarterly	29-07-2012	Quarterly	First charge on specific machinery
Habib Bank Limited	29,119	-	10.50%	Twenty one, quarterly	06-08-2012	Quarterly	First charge on specific machinery
Habib Bank Limited	40,117	-	10.50%	Twenty one, quarterly	17-09-2012	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	27,365	-	10.00%	Thirty eight, quarterly	24-07-2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	18,520	-	10.25%	Thirty eight, quarterly	05-09-2010	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	43,846	-	10.25%	Thirty eight, quarterly	20-09-2010	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	9,209	-	10.25%	Twenty eight, quarterly	11-05-2010	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	4,108	-	10.25%	Thirty two, quarterly	19-06-2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	3,707	-	10.50%	Thirty two, quarterly	28-07-2012	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	17,970	-	10.50%	Thirty two, quarterly	24-08-2012	Quarterly	First charge on specific machinery
	607,004	331,193					
5.1.2 Syndicate Term Finance:							
United Bank Limited	262,500	350,000	3 Month offer KIBOR+1.50%	Seven, half yearly unequal instalments	22-04-2010	Quarterly	Acquired by the company against fixed assets and is secured by way of first pari passu charge over all present and future moveable fixed assets of the Company and mortgage over immovable fixed assets of the Company.
Habib Bank Limited	262,500	350,000					
NIB Bank Limited	112,500	150,000					
The Bank of Punjab	187,500	250,000					
Habib Metropolitan Bank Limited	112,500	150,000					
Atlas Bank Limited	112,500	150,000					
The Bank of Khyber	75,000	100,000					
	1,125,000	1,500,000					
	1,732,004	1,831,193					

	2010	2009
	(RUPEES IN THOUSAND)	

5.2 Reconciliation of principal amount and carrying value:

	2010	2009
Principal outstanding (Note 5.2.1)	68,391	124,938
Effect of adjustment (Note 5.2.2)	(19,246)	(35,969)
Amortization charged to profit and loss account using the effective interest method	11,457	16,723
Carrying value as at 30 June	60,602	105,692

5.2.1 This finance represents Habib Bank Limited Demand Finance II secured by way of equitable/registered mortgage on operating fixed assets of the Company and personal guarantee of directors. The finance was free from mark up and repayable in twenty two unequal quarterly installments commenced from 30 September 2006.

5.2.2 The Company has determined the amortized cost of its long term mark up free finance using the effective interest method in the financial year ended 30 June 2008. Rate of interest used to calculate the amortized cost is the fair market rate applicable on the Financial Instruments of similar nature and condition.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2010	2009
2010	-	127,702
2011	125,917	99,487
2012	48,366	23,999
2013	35,882	10,944
2014	34,800	9,962
2015	27,562	2,297
	272,527	274,391
Less: Financial charges	51,404	40,843
Present value of minimum lease rental payments	221,123	233,548
Less: Current portion shown under current liabilities (Note 11)	102,971	105,477
	118,152	128,071

6.1 The value of minimum lease payments has been discounted using implicit interest rate of 7.00 to 15.41 percent per annum (2009: 7.00 to 15.76 percent per annum). Balance rentals are payable in monthly/quarterly & semi-annual installments. In case of default in any payment, an additional charge at the rate of 0.1 percent per day shall be paid. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. Lease agreement is renewable at the option of the lesser on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 6.007 million (2009: Rupees 10.155 million) included in long term security deposits and Rupees 10.027 million (2009: Rupees 5.000 million) included in short term deposits and prepayments (Note 19).

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

(RUPEES IN THOUSAND)

	2010			2009		
	Within one year	More than one year but less than five years	More than five years	Within one year	More than one year but less than five years	More than five years
Total of minimum lease payments	125,917	146,610	-	127,702	144,392	2,297
Less: Financial charges	22,946	28,458	-	22,225	18,550	68
Present value of minimum lease payments	102,971	118,152	-	105,477	125,842	2,229

	2010	2009
	(RUPEES IN THOUSAND)	

7. DEFERRED LIABILITY FOR GRATUITY

	2010	2009
Opening balance	148,770	107,789
Add: Provision for the year (Note 7.1)	70,237	67,668
	219,007	175,457
Less: Payments made during the year	(27,248)	(25,402)
Increase in current liability-net	(5,873)	(1,285)
	(33,121)	(26,687)
	185,886	148,770

7.1 Provision for the year:

	2010	2009
Current service cost	52,661	32,299
Interest cost	17,576	13,013
Past service cost	-	22,356
	70,237	67,668

7.2 Reconciliation of present value of defined benefit obligations as at 30 June is given below:

	2010	2009
Present value of defined benefit obligations as at 01 July	146,469	108,436
Current service cost	52,661	32,299
Interest cost	17,576	13,013
Past service cost	-	22,356
Benefits paid during the year	(27,248)	(25,402)
Increase in current liability - net	(5,873)	(1,285)
Actuarial loss/(gain)	9,320	(2,948)
Present value of defined benefit obligations as at 30 June	192,905	146,469

7.3 Reconciliation of present value of defined benefit obligations and liability recognized as at 30 June is given below:

	2010	2009
	(RUPEES IN THOUSAND)	
Present value of defined benefit obligations as at 30 June	192,905	146,469
Unrecognized actuarial (loss)/gain - accumulative	(7,019)	2,301
Recognized liability	185,886	148,770
Principal Actuarial Assumptions:		
Discount rate	12% per annum	12% per annum
Expected rate of increase in salary in future years	11% per annum	11% per annum
Average expected remaining life time of employees	13 years	13 years

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

(RUPEES IN THOUSAND)

	2010	2009	2008	2007	2006
Present value of defined benefit obligation	192,905	146,469	108,436	93,367	75,588
Experience adjustment arising on plan liabilities	9,320	(2,948)	(2,540)	3,681	(1,527)

8. TRADE AND OTHER PAYABLES

Creditors	1,229,000	751,163
Advances from customers	11,973	13,056
Accrued liabilities	501,879	386,640
Income tax deducted at source	5,813	6,281
Workers' welfare fund	18,683	6,991
Workers' profit participation fund (Note 8.1)	47,812	29,096
Unclaimed dividend	7,539	8,456
	1,822,699	1,201,683

8.1 WORKERS' PROFIT PARTICIPATION FUND

Balance as at 01 July	29,096	21,528
Add: Provision for the year	47,812	29,096
Interest for the year	4,005	2,720
	80,913	53,344
Less: Payments during the year	33,101	24,248
	47,812	29,096

8.1.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

9. ACCRUED MARK-UP

	2010	2009
	(RUPEES IN THOUSAND)	
Long term financing	67,064	139,280
Short term borrowings	70,005	57,678
	137,069	196,958

10. SHORT TERM BORROWINGS - SECURED

These represent the finances obtained from banking companies which are secured by way of first, second and third equitable mortgage on fixed assets of the Company and pledge/hypothecation of stores and spare parts, stocks, work-in-process, lien on export receivable and personal guarantee of directors. Mark-up is paid at the rate of paisas 10 to 42 (2009: paisas 12 to 42) per Rupees 1,000 per day. The sanctioned credit facilities are Rupees 5,250 million (2009: Rupees 4,450 million).

11. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing (Note 5)	329,115	264,008
Liabilities against assets subject to finance lease (Note 6)	102,971	105,477
	432,086	369,485

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Guarantees of Rupees 39.912 million (2009: Rupees 39.712 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Collector of Customs for import license fee.

b) Commitments

Contracts for capital expenditure are amounting to Rupees 496.899 million (2009: Rupees 41.159 million) and for other than capital expenditure are amounting to Rupees 104.182 million (2009: Rupees 119.156 million).

13. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 13.1)	3,446,083	2,768,199
Assets subject to finance lease (Note 13.1)	361,255	358,392
Capital work-in-progress (Note 13.2)	135,173	22,966
	3,942,511	3,149,557

13.1 OPERATING FIXED ASSETS

(RUPEES IN THOUSAND)

	OWNED											LEASED		
	Freehold land	Buildings on freehold land	Plant and machinery	Electric and gas installations	Factory equipment	Telephone installations	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
At 01 July 2008														
Cost/revalued amount	621,274	497,877	1,848,712	149,099	63,388	13,829	84,374	2,977	106,771	111,775	3,500,076	566,147	51,611	617,758
Accumulated depreciation	-	(118,933)	(637,847)	(54,939)	(30,591)	(7,815)	(37,356)	(1,973)	(52,553)	(50,425)	(992,433)	(155,865)	(14,326)	(170,191)
Net book value	621,274	378,944	1,210,865	94,160	32,797	6,014	47,018	1,004	54,218	61,349	2,507,643	410,282	37,285	447,567
Year ended 30 June 2009														
Opening net book value	621,274	378,944	1,210,865	94,160	32,797	6,014	47,018	1,004	54,218	61,349	2,507,643	410,282	37,285	447,567
Additions/adjustment	-	30,641	388,907	17,921	2,953	1,250	15,523	208	17,706	14,962	490,071	5,000	-	5,000
Deletion/adjustments														
Cost	-	(214)	(30,126)	-	-	(11)	-	(104)	(1,727)	(3,741)	(35,923)	(80,008)	(8,380)	(88,388)
Accumulated depreciation	-	7	6,765	-	-	6	-	54	1,397	849	9,078	35,612	4,981	40,593
	-	(207)	(23,361)	-	-	(5)	-	(50)	(330)	(2,892)	(26,845)	(44,396)	(3,399)	(47,795)
Depreciation charge	-	(20,088)	(135,061)	(10,557)	(3,132)	(1,001)	(7,907)	(157)	(12,686)	(12,081)	(202,670)	(39,591)	(6,789)	(46,380)
Closing net book value	621,274	389,290	1,441,350	101,524	32,618	6,258	54,634	1,005	58,908	61,338	2,758,199	331,295	27,097	358,392
At 30 June 2009														
Cost/revalued amount	621,274	528,304	2,207,493	167,020	66,341	15,068	99,897	3,081	122,750	122,996	3,954,224	491,139	43,231	534,370
Accumulated depreciation	-	(139,014)	(766,143)	(65,496)	(33,723)	(8,810)	(45,263)	(2,076)	(63,842)	(61,658)	(1,196,025)	(159,844)	(16,134)	(175,978)
Net book value	621,274	389,290	1,441,350	101,524	32,618	6,258	54,634	1,005	58,908	61,338	2,758,199	331,295	27,097	358,392
Year ended 30 June 2010														
Opening net book value	621,274	389,290	1,441,350	101,524	32,618	6,258	54,634	1,005	58,908	61,338	2,758,199	331,295	27,097	358,392
Additions	52,530	129,960	651,083	44,121	3,786	1,461	17,571	552	28,665	34,207	963,933	-	94,678	94,678
Deletions														
Cost	-	-	(69,333)	-	(6,315)	-	(14)	(78)	(10)	(14,946)	(90,696)	(100,000)	(1,279)	(101,279)
Accumulated depreciation	-	-	28,117	-	5,136	-	9	42	9	7,942	41,255	49,516	784	50,300
	-	-	(41,216)	-	(1,179)	-	(5)	(36)	(1)	(7,004)	(49,441)	(50,484)	(495)	(50,979)
Depreciation charge	-	(22,518)	(159,960)	(11,900)	(3,052)	(1,033)	(9,222)	(178)	(13,771)	(14,974)	(236,608)	(30,115)	(10,721)	(40,836)
Closing net book value	673,804	496,732	1,891,254	133,745	32,173	6,686	62,978	1,343	73,801	73,567	3,446,083	250,696	110,559	361,255
At 30 June 2010														
Cost/revalued amount	673,804	658,264	2,789,240	211,141	63,812	16,529	117,454	3,555	151,405	142,257	4,827,461	391,139	136,630	527,769
Accumulated depreciation	-	(161,532)	(897,986)	(77,396)	(31,639)	(9,843)	(54,476)	(2,212)	(77,604)	(68,690)	(1,381,378)	(140,443)	(26,071)	(166,514)
Net book value	673,804	496,732	1,891,254	133,745	32,173	6,686	62,978	1,343	73,801	73,567	3,446,083	250,696	110,559	361,255
Annual rate of depreciation (%)	-	5	10	10	10	15	15	15	20	20		10	20	

13.1.1 Freehold land of the Company was revalued as at 30 June 2007 by an independent valuer using market value method and stated in note 13.1 at appreciated value. Previously it was revalued by an independent value as at 30 September 1995. Had there been no revaluation on that date, the value of freehold land would have been lower by Rupees 379.420 million (2009: Rupees 379.420 million). The book value of freehold land on cost basis is Rupees 294.384 million (2009: Rupees 241.354 million).

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

	2010	2009
	(RUPEES IN THOUSAND)	
Owned:		
Cost of sales (Note 23)	197,430	168,836
Distribution cost (Note 24)	316	98
Administrative expenses (Note 25)	38,862	33,736
	236,608	202,670
Leased:		
Cost of sales (Note 23)	30,115	39,591
Distribution cost (Note 24)	3,935	2,305
Administrative expenses (Note 25)	6,785	4,484
	40,835	46,380
	277,444	249,050

13.1.3 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale/Claim Proceeds	Mode of Disposal	Particulars of Purchasers
	---RUPEES IN THOUSAND---					
PLANT & MACHINERY						
Knitting Machines	37,297	12,507	24,790	24,800	Negotiation	Zain Export International, Faisalabad
Knitting Machines	24,211	11,649	12,562	12,700	Negotiation	Altaf Kabaria, Korangi Road, Industrial Area, Karachi.
Knitting Machines	5,112	2,111	3,001	3,100	Negotiation	Altaf Kabaria, Korangi Road, Industrial Area, Karachi.
Comber Machine	2,713	1,851	862	100	Negotiation	Shan Enterprises, Shop No 57, Street No. 2, Gulistan Market, Railway Road, Faisalabad.
Factory Equipment						
High Voltage Fibre System	5,633	4,552	1,081	3,972	Insurance Claim	Adamjee Insurace Co. Ltd. I.I Chundrigar Road, Karachi.
Uster Tenso Rapid	682	583	99	510	Insurance Claim	Adamjee Insurace Co. Ltd. I.I Chundrigar Road, Karachi.
VEHICLES						
LRJ-786, Toyota Land Cruiser	6,646	5,013	1,633	1,800	Negotiation	City Petroleum, Jail Road, Faisalabad.
FDA-09-2456, Toyota Corrola	1,809	-	1,809	1,809	Sale and Lease Back	Habib Metropolitan Bank, Islamic Banking-Alfalah Court, I.I. Chundrigar Road, Karachi
FDA-09-2276, Toyota Corrola	1,239	-	1,239	1,239	Sale and Lease Back	Habib Metropolitan Bank, Islamic Banking-Alfalah Court, I.I. Chundrigar Road, Karachi
LRU-1235, Toyota Corrola	397	155	242	619	Negotiation	Mr. Muhammad Arshad, Company Employee
FSG-1476, Coure	299	113	186	486	Negotiation	Mr. Muhammad Javed, Company Employee
FSB-1876, Suzuki Cultus	273	102	171	492	Negotiation	Mr. Shams ul Qamar, Company Employee
FSB-3976, Suzuki Cultus	253	103	150	441	Negotiation	Mr. Zaid Saleem, Company Employee
FS 576, Suzuki Cultus	252	126	126	433	Negotiation	Mr. Noor-e-Mustafa, Company Employee
FSB-3576, Coure	208	82	126	382	Negotiation	Mr. Aftab Naeem, Company Employee
FS-9076, Coure	244	126	118	365	Negotiation	Mr. Muhammad Akhtar Khan, Company Employee
FSB-1276, Suzuki Bolan	220	102	118	334	Negotiation	Mr. Muhammad Akram, Company Employee
FSA-1476, Kia Classic	245	133	112	219	Negotiation	Mr. Nasir Mehmood, Company Employee
FSB-3476, Coure	196	85	111	382	Negotiation	Mr. Haider Ali Shah, Company Employee
FS-0776, Coure	215	108	107	377	Negotiation	Mr. Shabbir Ahmad Abid, Company Employee
LXO-6863, Suzuki Cultus	271	169	102	369	Negotiation	Mr. Usman Mustafa, Company Employee
FDZ-5176, Suzuki Cultus	209	143	66	312	Negotiation	Mr. Habib Ullah, Company Employee
FDU-7176, Suzuki Khyber	403	346	57	120	Negotiation	Mr. Muhammad Mushtaq Khan Niazi,Company Employee

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

		2010	2009
		(RUPEES IN THOUSAND)	
13.2	**CAPITAL WORK-IN-PROGRESS**		
	Building	68,672	21,077
	Plant and machinery	7,203	
	Advances against purchase of machinery	59,298	1,889
		135,173	22,966
14.	**LONG TERM ADVANCES**		
	Considered good:		
	Secured:		
	Advances to employees		
	Executives (Note 14.1)	2,268	3,025
	Other employees	3,288	4,232
		5,556	7,257
	Less: Current portion shown under current assets (Note 18)	2,368	2,441
		3,188	4,816
14.1	Reconciliation of advances given to executives is given below:		
	Opening balance as at 01 July	3,025	4,725
	Add: Disbursement made during the year	199	1,200
		3,224	5,925
	Less: Recovered during the year	956	2,900
	Closing balance as at 30 June	2,268	3,025

14.1.1 Maximum balance due from executives at the end of any month during the year was Rupees 3.025 million (2009: Rupees 5.855 million).

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

14.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of advances to employees is not considered material and hence not recognized.

		2010	2009
15.	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	395,531	367,126
	Spare parts	88,221	65,176
	Loose Tools	1,057	135
		484,809	432,437

	2010	2009
	(RUPEES IN THOUSAND)	

16. STOCK IN TRADE

Raw material	1,090,472	745,310
Work in process	699,067	404,679
Finished goods (Note 16.1)	989,622	562,258
Waste	10,168	15,524
	2,789,329	1,727,771

16.1 This includes stocks amounting to Rupees 42.726 million (2009: Nil) valued at net realisable value.

17. TRADE DEBTS

Considered good:		
Secured against letters of credit	810,430	808,385
Unsecured	2,728,385	2,389,472
	3,538,815	3,197,857
Considered doubtful:		
Others - unsecured	24,832	24,832
Less: Provision for doubtful debts		
As at 01 July	24,832	16,861
Add: Provision for the year	-	7,971
As at 30 June	24,832	24,832
	-	-
	3,538,815	3,197,857

17.1 As at 30 June 2010, trade debts of Rupees 127.031 million (2009 : Rupees 108.396 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Upto 1 month	65,963	55,062
1 to 6 months	44,368	36,278
More than 6 months	16,700	17,056
	127,031	108,396

18. LOANS AND ADVANCES

Considered good:		
Employees - Interest free:		
Against expenses	12,016	11,084
Against salary	37,292	29,732
	49,308	40,816
Current portion of long term advances (Note 14)	2,368	2,441
Advances to suppliers	153,376	102,867
	205,052	146,124

		2010	2009
		(RUPEES IN THOUSAND)	
19.	**SHORT TERM DEPOSITS AND PREPAYMENTS**		
	Letters of credit	33,968	27,209
	Short term prepayments	11,357	3,637
	Margin against letters of guarantees	4,534	9,385
	Security deposits	12,865	8,174
	Income tax	185,375	132,284
		248,099	180,689
20.	**OTHER RECEIVABLES**		
	Considered good:		
	Sales tax recoverable	256,037	154,119
	Export rebates	109,358	69,845
	Duty draw back claims	115,652	-
	Research and development support	-	105,026
	Others	113,349	120,230
		594,396	449,220
21.	**CASH AND BANK BALANCES**		
	Cash in hand	1,755	1,869
	Cash with banks on:		
	Current accounts	448,263	145,433
	Saving accounts Including US$ 61,934 (2009: US$ 241,873)	32,056	173,724
		480,319	319,157
		482,074	321,026

21.1 Rate of profit on bank deposits ranges from 5% to 10% (2009: 5% to 10%) per annum.

		2010	2009
22.	**SALES**		
	Local	866,238	451,767
	Export	13,520,302	10,271,909
	Waste	316,728	194,615
	Knitting/dyeing income	17,562	27,889
		14,720,830	10,946,180

22.1 Exchange gain due to currency rate fluctuation relating to export sales amounting to Rupees 90.070 million (2009: Rupees 120.260 million) has been included in export sales.

	2010	2009
	(RUPEES IN THOUSAND)	

23. COST OF SALES

	2010	2009
Raw material consumed	6,484,614	3,958,919
Salaries, wages and other benefits	1,836,028	1,329,564
Staff retirement benefits	55,021	57,925
Fuel and power	551,495	389,856
Dyes and chemicals	757,916	639,319
Stores and spare parts	210,355	190,737
Packing materials and other charges	1,304,534	978,388
Outside knitting, dyeing and CMT charges	855,686	599,883
Repair and maintenance	246,038	192,869
Insurance	20,937	20,170
Other factory overheads	251,738	219,211
Depreciation - owned assets (Note 13.1.2)	197,430	168,838
Depreciation - leased assets (Note 13.1.2)	30,115	39,591
	12,801,907	8,785,270
Work-in-process:		
Opening stock	404,679	441,849
Closing stock	(699,067)	(404,679)
	(294,388)	37,170
Cost of goods manufactured	12,507,519	8,822,440
Finished goods:		
Opening stock	577,782	606,758
Closing stock	(999,790)	(577,782)
	(422,008)	28,976
	12,085,511	8,851,416

24. DISTRIBUTION COST

	2010	2009
Salaries, wages and other benefits	25,917	16,187
Staff retirement benefits	2,999	1,629
Commission to selling agents	386,490	292,729
Insurance	1,816	1,121
Traveling and conveyance	7,705	3,326
Vehicles' running	1,812	666
Printing and stationery	303	126
Communication	4,078	1,653
Outward freight and distribution	401,086	285,223
Depreciation - owned assets (Note 13.1.2)	316	96
Depreciation - leased assets (Note 13.1.2)	3,936	2,305
	836,458	605,061

	2010	2009
	(RUPEES IN THOUSAND)	

25. ADMINISTRATIVE EXPENSES

	2010	2009
Salaries, wages and other benefits	99,657	67,992
Staff retirement benefits	12,215	8,114
Rent, rates and taxes	4,471	2,574
Traveling and conveyance	3,962	2,901
Entertainment	7,368	5,920
Repair and maintenance	1,935	1,313
Vehicles' running	6,046	5,701
Printing and stationery	3,659	2,640
Communication	6,266	4,934
Legal and professional	7,231	4,122
Newspapers and periodicals	78	96
Electricity and Sui gas	3,788	3,328
Auditors' remuneration (Note 25.1)	1,165	1,165
Subscription and fee	6,356	3,287
Advertisement	788	409
Insurance	4,838	4,872
Miscellaneous	3,580	2,469
Depreciation - owned assets (Note 13.1.2)	38,862	33,736
Depreciation - leased assets (Note 13.1.2)	6,785	4,484
	219,050	160,057

25.1 Auditors' remuneration

	2010	2009
Annual audit fee	1,000	1,000
Half yearly review fee	100	100
Corporate governance compliance review fee	25	25
Reimbursable expenses	40	40
	1,165	1,165

26. OTHER OPERATING EXPENSES

	2010	2009
Loss on sale of property, plant and equipment	-	3,693
Worker's profit participation fund	47,812	29,096
Provision for doubtful debts	-	7,971
Debit balances written off	27,106	30,317
Worker's welfare fund (Note 27.1)	19,433	-
	94,351	71,077

27. OTHER OPERATING INCOME

	2010	2009
Income from non-financial assets		
Sale of stores and scrap	2,770	2,633
Gain on sale of property, plant and equipment	7,485	-
Miscellaneous	525	541
Worker's welfare fund (Note 27.1)	-	1,182
Amortization of deferred income on sale and lease back of operating fixed assets	2,163	2,376
	12,943	6,732
Income from financial assets		
Mark-up on saving accounts	1,299	4,665
	14,242	11,397

	2010	2009
	(RUPEES IN THOUSAND)	

27.1 Workers' welfare fund

	2010	2009
Current year expense	19,433	11,821
Prior years adjustment	-	(13,003)
Net (income)/expense	19,433	(1,182)

28. FINANCE COST

Interest/mark-up on:

	2010	2009
Long term financing	241,124	359,662
Short term borrowings	270,839	251,814
Workers' profit participation fund	4,005	2,720
Amortization on long term fiance calculated using the effective interest method (Note 5.2)	11,457	16,723
Finance charges on finance lease liabilities	29,027	36,701
Bank charges and commission	38,822	52,235
	595,274	719,855

29. PROVISION FOR TAXATION

The Company falls in the ambit of final tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. However, provision for tax on other income is made at current tax rates after considering the rebates and tax credits, if any, and accumulated tax losses. No provision for deferred taxation is required due to final tax on export.

Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final tax on exports.

30. EARNINGS PER SHARE

		2010	2009 (Restated)
Basic earnings per share			
Profit after taxation	(Rupees in thousand)	760,895	451,706
Weighted average number of shares		38 910 860	34 511 470
Earnings per share - Basic	(Rupees)	19.55	13.09
Diluted earnings per share			
Profit after taxation	(Rupees in thousand)	760,895	451,706
Weighted average number of shares		72 199 147	74 279 490
Earnings per share - Diluted	(Rupees)	10.54	6.08

30.1 Previos year's figures of weighted average number of ordinary shares and earning per share - basic and diluted have been restated after taking the effect of right issue.

	2010	2009
	(RUPEES IN THOUSAND)	
31. CASH GENERATED FROM OPERATIONS		
Profit before taxation	904,428	550,111
Adjustments for non-cash charges and other items:		
Depreciation	277,444	249,050
Provision for gratuity	70,237	67,668
Provision of doubtful debts	-	7,971
(Gain)/loss on sale of property, plant and equipment	(7,485)	3,693
Amortization of deferred income on sale and lease back of operating fixed assets	(2,163)	(2,376)
Debit balances written off	27,106	30,317
Finance Cost	595,274	719,855
Working capital changes (Note 31.1)	(49,414)	(130,378)
	1,815,427	1,495,911

31.1 Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(52,372)	(65,587)
Stock in trade	(1,061,558)	110,936
Trade debts	(340,958)	(1,271,953)
Loans and advances	(58,928)	19,267
Short term deposits and prepayments	(14,319)	22,076
Other receivables	(172,282)	98,450
Increase in current liabilities		
Short term borrowings net	1,034,943	663,385
Trade and other payables	616,060	293,048
	(49,414)	(130,378)

32. EVENTS AFTER THE REPORTING PERIOD

Board of Directors of the Company have proposed a cash dividend for the ordinary shareholders of the Company for the year ended 30 June 2010 amounting to Rupees 1.50 (2009: Rupees 1.50) per share and preference dividend for the preference shareholders of the Company amounting to Rupees 1.46 (2009: Rupees 1.69) per share at their meeting held on 04 October, 2010. However, these events have been considered as non-adjusting events under IAS-10 and have not been recognized in these financial statements.

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in the financial statements for the year for remuneration, allowances including all benefits to the chief executive officer, directors and executives of the Company are as follows:

(RUPEES IN THOUSAND)

DESCRIPTION	2010			2009		
	Chief Executive Officer	Directors	Executive	Chief Executive Officer	Directors	Executive
Managerial remuneration	2,400	1,991	37,177	1,200	1,956	29,316
House rent	960	796	15,435	480	782	12,204
Other allowances	240	296	5,193	120	196	3,096
	3,600	3,083	57,805	1,800	2,934	44,616
Number of persons	1	4	53	1	4	38

33.1 The Chief Executive Officer, some of the directors and some of the executives are provided free use of Company's maintained vehicles.

34. PLANT CAPACITY AND ACTUAL PRODUCTION

		2010	2009
		(FIGURES IN THOUSAND)	
SPINNING			
Production at normal capacity converted to 20s count based on three shifts per day.	(Kgs .)	4 762	4 762
Actual production converted to 20s count based on three shifts per day.	(Kgs .)	4 401	4 107
KNITTING			
Production at normal capacity converted to 30s count based on three shifts per day.	(Kgs .)	25 848	19 654
Actual production converted to 30s count based on three shifts per day.	(Kgs .)	14 165	10 458
DYEING/FINISHING			
Production at normal capacity on reactive dyeing basis at three shifts per day.	(Kgs .)	18 504	12 360
Actual production converted on reactive dyeing basis at three shifts per day.	(Kgs .)	15 057	9 875
GARMENTS			
Production at normal capacity converted on normal/basic garments capacity based on single shift per day.	(Dzn.)	3 650	2 397
Actual production converted on normal/ basic garments capacity basis on single shift per day.	(Dzn.)	3 103	2 015

34.1 REASONS FOR LOW PRODUCTION

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

35. SEGMENT INFORMATION

	Spinning		Knitting		Processing & Garments		Elimination of intersegment transactions		Total-Company	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RUPEES IN THOUSAND									
Sales	1,083,019	789,475	3,588,519	2,505,517	14,250,804	10,583,600	(4,201,512)	(2,932,412)	14,720,830	10,946,180
Cost of sales	897,402	676,540	3,425,099	2,363,956	11,964,522	8,743,332	(4,201,512)	(2,932,412)	12,085,511	8,851,416
Gross Profit	185,617	112,935	163,420	141,561	2,286,282	1,840,268	-	-	2,635,319	2,094,764
Distribution cost	18,606	13,705	65,213	47,480	752,639	543,876	-	-	836,458	605,061
Administrative expenses	16,028	11,355	42,045	32,071	160,977	116,631	-	-	219,050	160,057
	34,634	25,060	107,258	79,551	913,616	660,507	-	-	1,055,508	765,118
Profit before taxation and unallocated income and expenses	150,983	87,875	56,162	62,010	1,372,666	1,179,761	-	-	1,579,811	1,329,646
Unallocated income and expenses:										
Other operating expenses									(94,351)	(71,077)
Other operating income									14,242	11,397
Finance cost									(595,274)	(719,855)
Provision for taxation									(143,533)	(98,405)
Profit after taxation									760,895	451,706

35.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Knitting		Processing & Garments		Total-Company	
	2010	2009	2010	2009	2010	2009	2010	2009
	RUPEES IN THOUSAND							
Segment Assets	527,852	537,871	905,305	683,273	5,783,492	4,081,519	7,216,649	5,302,663
Unallocated assets							5,080,466	4,319,076
							12,297,115	9,621,739
Segment Liabilities	71,195	62,998	527,038	265,028	1,492,069	1,161,244	2,090,302	1,509,288
Unallocated Liabilities							6,532,666	5,592,090
							8,622,968	7,101,358

35.2 Geographical Information

35.2.1 The Company's revenue from external customers by geographical location is detailed below.

	2010	2009
	(RUPEES IN THOUSAND)	
America	10,665,055	8,068,453
Europe	1,823,117	1,321,108
Asia, Africa, Australia	794,291	812,048
Pakistan	1,438,367	744,571
	14,720,830	10,946,180

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

35.3 Revenue from Major Customers

Revenue from major customers of Company's trading segment represent Rupees 8,665 million (2009: Rupees 8,067 million). Revenue from other segments of the Company does not include any major customer.

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2010	2009
Cash with banks - USD	61,934	241,873
Trade debts - USD	34,832,290	35,739,570
Trade and other payable - USD	(471,576)	(492,390)
Net exposure - USD	34,422,648	35,489,053

The following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	83.97	78.62
Reporting date rate	85.40	81.10

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 136.843 million (2009: Rupees 133.978 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's openion, the sensitivity analysis is unrepresentiative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2010	2009
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	537,511	191,756
Liabilities against assets subject to finance lease	35,616	74,708
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	32,056	173,724
Financial liabilities		
Long term financing	1,255,095	1,745,129
Liabilities against assets subject to finance lease	185,507	158,840
Short term borrowings	4,320,052	3,285,109

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher/lower with all other variables held constant, profit after taxation for the year would have been Rupees 53.333 million (2009: Rupees 46.693 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Trade debts	3,538,815	3,197,857
Loans and advances	42,848	36,989
Deposits	10,207	14,646
Other receivables	113,349	120,230
Bank balances	480,319	319,157
	4,185,538	3,688,879

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. The external credit rating of Company's bankers is given below:

	Rating			2010	2009
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,401	234
Allied Bank Limited	A1+	AA	PACRA	6,862	6,326
Askari Bank Limited	A1+	AA	PACRA	5,158	10,373
Bank Alfalah Limited	A1+	AA	PACRA	1,415	437
Faysal Bank Limited	A1+	AA	PACRA	-	144
Habib Bank Limited	A-1+	AA+	JCR-VIS	12,774	37,004
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	66,032	197,320
Bank Al-Habib Limited	A1+	AA+	PACRA	267	200
MCB Bank Limited	A1+	AA+	PACRA	1,914	2,469
NIB Bank Limited	A1+	AA -	PACRA	1,001	12,946
Royal Bank of Scotland Limited	A1+	AA	PACRA	681	682
The Bank of Punjab	A1+	AA -	PACRA	14,604	6,912
Silkbank Limited	A-3	A -	JCR-VIS	32	33
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	100
United Bank Limited	A-1+	AA+	JCR-VIS	146	2,589
Al-Baraka Islamic Bank	A-1	A	JCR-VIS	9	9
Arif Habib Bank Limited	A-2	A	JCR-VIS	357,477	41,068
Atlas Bank Limited	A2	A -	PACRA	650	100
Bank Islami Pakistan Limited	A1	A	PACRA	96	96
Meezan Bank Limited	A-1	AA-	JCR-VIS	8,800	115
				480,319	319,157

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 17.

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

(c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2010, the Company had Rupees 930 million (2009: 1,165 million) available borrowing limits from financial institutions and Rupees 482 million (2009: 321 million) cash and bank balances. Management believes the liquidity risk to be low.

The following are the contractual maturities of financial liabilities as at 30 June 2010:

	Carrying Amount	Contractual Cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	1,792,606	2,331,835	147,929	389,475	731,288	1,063,143
Liabilities against assests subject to finance lease	221,123	272,527	61,703	64,214	48,366	98,244
Short term borrowings	4,320,052	4,390,057	2,779,368	1,610,689	-	-
Trade and other payables	1,730,879	1,730,879	1,209,814	521,065	-	-
Accrued mark-up	137,069	137,069	137,069	-	-	-
	8,201,729	8,862,367	4,335,883	2,585,443	779,654	1,161,387

The following are the contractual maturities of financial liabilities as at 30 June 2009:

	Carrying Amount	Contractual Cash flows	6 month or less	6-12 month	1-2 Year	More than 2 years
Non-derivative financial liabilities:						
Long term financing	1,936,885	2,581,801	110,826	324,837	759,722	1,386,416
Liabilities against assests subject to finance lease	233,548	274,391	65,189	62,513	99,487	47,202
Short term borrowings	3,285,109	3,421,885	1,175,946	2,245,939	-	-
Trade and other payables	1,137,803	1,137,803	674,764	463,039	-	
Accrued mark-up	196,958	196,958	196,958		-	-
	6,790,303	7,612,838	2,223,683	3,096,328	859,209	1,433,618

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

(d) Capital risk

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

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

36.2 Fair values of financial assets and liabilities

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

36.3 **Financial instruments by categories**

	Loans and receivables	
	2010	2009
	(RUPEES IN THOUSAND)	
As at 30 June		
Assets as per balance sheet		
Trade debts	3,538,815	3,197,857
Loans and advances	42,848	36,989
Deposits	10,207	14,646
Other receivables	113,349	120,230
Cash and bank balances	482,074	321,026
	4,187,293	3,690,748

	Financial liabilities at amortized cost	
	2010	2009
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	1,792,606	1,936,885
Liabilities against assets subject to finance lease	221,123	233,548
Short term borrowings	4,320,052	3,285,109
Trade and other payables	1,730,879	1,137,803
Accrued mark-up	137,069	196,958
	8,201,729	6,790,303

37 DATE OF AUTHORIZATION

These financial statements have been approved and authorised for issue by the Board of Directors of the Company on 04 October, 2010.

38 FIGURES

Comparative figures of balance sheet, profit and loss account, cash flow statement and statement of changes in equity have been re-arranged, wherever necessary for the purpose of comparison. However, no significant reclassification/re-arrangement has been made.

39 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

FORM 34

PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2010

1. Incorporation Number M-12
2. Name of the Company MASOOD TEXTILE MILLS LIMITED
3. Pattern of holding of the shares held by the shareholders as at 30.06.2010

4. No. of shareholders	Shareholdings	Total shares held
ORDINARY SHARES:		
664	Shareholding from 1 to 100 Shares	49,758
590	Shareholding from 101 to 500 Shares	139,634
96	Shareholding from 501 to 1000 Shares	80,484
114	Shareholding from 1001 to 5000 Shares	273,138
19	Shareholding from 5001 to 10000 Shares	130,825
4	Shareholding from 10001 to 15000 Shares	54,600
4	Shareholding from 15001 to 20000 Shares	70,950
2	Shareholding from 20001 to 25000 Shares	46,500
4	Shareholding from 25001 to 30000 Shares	116,085
2	Shareholding from 30001 to 35000 Shares	70,000
2	Shareholding from 35001 to 40000 Shares	76,500
1	Shareholding from 50001 to 55000 Shares	50,922
1	Shareholding from 105001 to 110000 Shares	106,193
1	Shareholding from 160001 to 165000 Shares	164,753
1	Shareholding from 165001 to 170000 Shares	167,000
1	Shareholding from 195001 to 200000 Shares	200,000
1	Shareholding from 210001 to 215000 Shares	211,000
1	Shareholding from 295001 to 300000 Shares	297,000
1	Shareholding from 310001 to 315000 Shares	315,000
1	Shareholding from 370001 to 375000 Shares	373,000
1	Shareholding from 390001 to 395000 Shares	392,750
1	Shareholding from 430001 to 435000 Shares	433,485
1	Shareholding from 465001 to 470000 Shares	469,170
1	Shareholding from 550001 to 555000 Shares	550,788
1	Shareholding from 695001 to 700000 Shares	700,000
1	Shareholding from 915001 to 920000 Shares	916,050
1	Shareholding from 1115001 to 1120000 Shares	1,118,778
1	Shareholding from 1380001 to 1385000 Shares	1,383,750
1	Shareholding from 1910001 to 1915000 Shares	1,912,400
1	Shareholding from 2025001 to 2030000 Shares	2,025,828
1	Shareholding from 2455001 to 2460000 Shares	2,457,078
1	Shareholding from 2595001 to 2600000 Shares	2,600,000
1	Shareholding from 3570001 to 3575000 Shares	3,571,307
1	Shareholding from 3895001 to 3900000 Shares	3,900,000
1	Shareholding from 4110001 to 4115000 Shares	4,114,000
1	Shareholding from 5780001 to 5785000 Shares	5,780,974
1	Shareholding from 6580001 to 6585000 Shares	6,580,300
1	Shareholding from 18095001to 18100000 Shares	18,100,000
1528	Total	60,000,000

PREFERENCE SHARES:

1	Shareholding from 1495001 to 1500000 Shares	1,500,000
2	Shareholding from 2495001 to 2500000 Shares	5,000,000
3	Shareholding from 4995001 to 5000000 Shares	15,000,000
1	Shareholding from 9995001 to10000000 Shares	10,000,000
1	Shareholding from 10995001 to11000000 Shares	11,000,000
1	Shareholding from 11665001 to 11670000 Shares	11,666,667
9	Total	54,166,667

5. Categories of shareholders	share held	Percentage
ORDINARY SHARES:		
5.1 Directors, Chief Executive Officer, etc.	1,521,500	2.54
5.2 Associated Companies, undertakings and related parties.	-	-
5.3 NIT and ICP	2,026,678	3.38
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.	5,318,708	8.86
5.5 Insurance Companies	401,444	0.67
5.6 Modarabas and Mutual Funds	474,670	0.78
5.7 Share holders holding 10%	18,100,000	30.17
5.8. General Public		
a. Local	6,387,941	10.65
b. Foreign	-	-
5.9. Other - Joint Stock Companies / Co-operative Socities	25,769,059	42.95
Total Ordinary Shares	60,000,000	100.00
PREFERENCE SHARES:		
5.3 Banks, Development Financial Institutions, Non Banking Financial Institutions.	54,166,667	100.00

6. Signature of Chief Executive/Secretary

7. Name of Signatory: ABDUL BARI HAQQANI

8. Designation: COMPANY SECRETARY

9. NIC Number: 3 3 1 0 0 - 7 8 9 1 4 1 5 - 3

10. Date: Day 0 4 Month 1 0 Year 2 0 1 0

NAMEWISE CATEGORIES OF SHAREHOLDERS AS ON 30.06.2010

NAME		Shares Held	Total Shares	Percentage
ORDINARY SHARES				
Directors:				
Mr. Shahid Nazir Ahmad	Chairman/CEO	1,383,750		
Mr. Naseer Ahmad Shah	Director	37,500		
Mr. Muhammad Arshad	Director	18,750		
Mr. Fazal Ahmad	Director	30,000		
Mr. Shahid Iqbal	Director	30,000		
Mr. Matloob Hussain	Director	21,500		
Mr. Muhammad Asif (NIT Nominee)	Director	-	1,521,500	2.54
Shareholders Holding 10 % or More:				
Mrs. Nazia Nazir		-	18,100,000	30.17
Associated Undertakings:		-	-	-
Investment Companies:				
Investment Corporation of Pakistan (ICP)		-	850	0.00
Pakistan Kuwait Invst.(Pvt) Limited		-	2,600	0.00
Financial Institutions:				
Banks:				
IDBP (ICP UNIT)		4,300		
Faysal Bank Limited		164,753		
The Bank Of Punjab		433,485		
National Bank of Pakistan		4,690,085		
National Investment Trust Limited		26,085		
National Bank of Pakistan - Trustee Deapartment NI(U)T Fund		2,025,828	7,344,536	12.24
Insurance Companies:				
Agro General Insurance Company Limited		7,594		
Delta Insurance Company Limited		1,100		
State Life Insurance Corporation of Pakistan.		392,750	401,444	0.67
Modarabas:				
Unicap Modaraba		600		
Third Prudential Modaraba		4,900	5,500	0.01
Mutual Fund				
Golden Arrow Selected Stocks Fund Limited		-	469,170	0.78

NAME	Shares Held	Total Shares	Percentage
Joint Stock Companies/Co-op.Societies:			
AIZAD CORPORATION (PVT) LTD.	5,780,974		
AMER SECURITIES (PVT) LTD	500		
BEACON IMPEX (PVT) LIMITED	1,912,400		
DARSON SECURITIES (PRIVATE) LIMITED	6,700		
DURVESH SECURITIES (PVT) LTD	39		
FIRST CAPITAL EQUITIES LIMITED	297,000		
FORTRESS TEXTILES (PVT) LIMITED	2,563,271		
H M INVESTMENTS (PVT) LIMITED	4,900		
HIGHLINK CAPITAL (PVT) LTD	50,922		
ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	50		
KOHISTAN CORP. (PVT) LTD.	3,900,000		
M/S HAYDRI BORING (PVT) LTD.,	50		
MAM SECURITIES (PVT) LIMITED	200		
MASOOD IMPEX (PVT) LIMITED	6,580,300		
NATIONAL IND CO.OP.FINANCE CORP.	800		
NII SECURITIES (PVT) LIMITED.	5		
PASBAN CO-OP- FINANCE CORP.	200		
PASHA SECURITIES (PVT) LTD.	100		
PEARL SECURITIES LIMITED	550,788		
PRUDENTIAL CAP.MANAGEMENT LTD.	1,600		
SAVARI (Pvt) LIMITED	900		
SOFTWARE CREATIONS(PVT) LTD.,	4,114,000		
Y.S. SECURITIES & SERVICES (PVT) LTD.	260		
ZHV SECURITIES (PVT) LIMITED	500	25,766,459	42.94
General Public:		6,387,941	10.65
TOTAL ORDINARY SHARES		60,000,000	100.00
PREFERENCE SHARES			
Financial Institutions:			
Banks:			
Allied Bank Limited	-	11,666,667	
Askari Bank Limited	-	2,500,000	
CDC Trustee-Pakistan Capital Market Fund	-	2,500,000	
Habib Bank Limited-Treasury Division	-	10,000,000	
MCB Bank Limited - Treasury	-	5,000,000	
National Bank of Pakistan	-	5,000,000	
Silkbank Limited	-	1,500,000	
United Bank Limited	-	11,000,000	
	-	49,166,667	90.77
Investment Companies:			
Pakistan Kuwait Investment Co. (Pvt) Limited	-	5,000,000	9.23
TOTAL PREFERENCE SHARES		54,166,667	100.00

FORM OF PROXY

No. of Ordinary Shares held.____________ Folio No.________ CDC A/c No. ________________

I/We, ____

of ____

being a member of MASOOD TEXTILE MILLS LIMITED hereby appoint ________________

____

(NAME)

of ____

____

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held at its Registered office at Universal House, West Canal Road, Farooqabad, Faisalabad on Saturday, the 30th day of October, 2010 at 11:00 A.M or any adjournment thereof.

As witnessed my hands this ________________ day of ____________________________ 2010

signed by me in the presence of witness:____

____

(Signature of witness)
NIC. ___________

Five Rupees
Revenue
Stamp

(Member's Signature)
NIC. ___________

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