



Quarterly Report

September 30, 2011

(Un-Audited)



Shadab Textile Mills Limited



Shadab Textile Mills Limited

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Shadab Textile Mills Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	Mian Aamir Naseem Mian Farrukh Naseem Mian Shahzad Aslam Mst. Nusrat Shamim Mr. Ahmed Ali Tariq Mr. Mazhar Hussain Mr. Tariq Javaid	Chief Executive Officer
AUDIT COMMITTEE	Mian Farrukh Naseem Mian Shahzad Aslam Mr. Ahmed Ali Tariq	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Mazhar Hussain	
COMPANY SECRETARY	Mr. Mazhar Hussain	
AUDITORS	M/s. Fazal Mahmood & Company Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35887262, 35839182 Fax: 042-35869037	
BANKERS	National Bank of Pakistan Bank Al-falah Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore. Ph: 042-35788714-16	
MILLS	Nasimabad, Shahkot, District Nankana Sahib.	



Shadab Textile Mills Limited

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present un-audited condensed interim financial statements of the Company for the 1st quarter ended September 30, 2011.

During the period under review, the Company suffered loss pretax Rs. 6.578 million as compared to pretax profit of Rs. 31.844 million. Sales were made amounting to Rs. 355.389 million as compared to previous year quarter sale of Rs. 416.874 million. Your Company produced 3.162 million Kgs of blended yarn as compared to 3.467 million Kgs during the corresponding period based on 20/S Count.

The profitability of the Company affected mainly due to decrease in demand and prices of yarn and increase in the prices of raw material especially fiber and energy cost. Massive gas load shedding in Punjab and constant interruption of power supply by Wapda have affected the productivity of the company. Without continuous supply of energy, full capacity utilization is not possible.

The textile sector has faced with great uncertainty on both ends, product demand and the raw material fronts. Weak demand and volatile raw material prices combined with other factors such as shortage and high cost of energy, high interest rates and inflationary trend in the cost of all major inputs are continue to erode the textile industry and affecting the profitability of the company adversely. However, the management is trying its best to improve the results by controlling the factors which are under its control.

The board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

For and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive Officer)

Lahore: October 27, 2011



Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2011

	NOTE (RUPEES IN THOUSAND)	
	Sep. 30, 2011 <u>UN-AUDITED</u>	June 30, 2011 <u>AUDITED</u>
PROPERTY AND ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		
Operating fixed assets	256,286	258,062
Capital work in progress	4,049	-
LONG TERM DEPOSITS	<u>2,382</u>	<u>2,382</u>
	262,717	260,444
CURRENT ASSETS		
Stores, spares	31,397	35,718
Stock in trade	114,511	123,996
Trade debts	55,070	37,713
Loans and advances	10,927	4,534
Trade deposits, prepayments & other receivables	29,443	31,843
Cash and bank balances	4,886	4,361
	<u>246,234</u>	<u>238,165</u>
	508,951	498,609
CURRENT LIABILITIES		
Trade and other payables	87,224	65,815
Accrued mark up on secured loans	5,924	7,803
Short term borrowings	76,198	72,808
Current portion of long term loans	53,028	47,835
Provision for taxation	7,717	4,147
	<u>230,091</u>	<u>198,408</u>
	278,860	300,201
NET ASSETS EMPLOYED		
REPRESENTED BY:		
SHARE CAPITAL & RESERVES		
Authorized Capital		
6,000,000 ordinary shares of Rs. 10/- each	<u>60,000</u>	<u>60,000</u>
Issued, subscribed & paid-up capital	30,000	30,000
Reserves	60,000	60,000
Un-appropriated profit	<u>84,526</u>	<u>92,394</u>
	174,526	182,394
NON CURRENT LIABILITIES		
Long term loans	57,097	68,290
Deferred liabilities	47,237	49,517
Contingencies and commitments	6 -	-
	<u>278,860</u>	<u>300,201</u>

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

Amin Naseem

(Mian Aamir Naseem)
Chief Executive Officer

Farrukh Naseem

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2011	Sep. 30, 2010
Sales- Net	355,389	416,874
Cost of sales	<u>348,596</u>	<u>364,644</u>
GROSS PROFIT	6,793	52,230
Administrative & general	<u>6,499</u>	<u>6,275</u>
Selling and distribution	<u>92</u>	<u>638</u>
OPERATING PROFIT	<u>202</u>	<u>45,317</u>
Financial charges	7,236	11,113
Other charges	<u>-</u>	<u>2,360</u>
	(7,034)	31,844
Other income	<u>456</u>	<u>-</u>
PROFIT / (LOSS) BEFORE TAXATION	<u>(6,578)</u>	<u>31,844</u>
Taxation	<u>1,290</u>	<u>5,273</u>
PROFIT / (LOSS) AFTER TAXATION	<u>(7,868)</u>	<u>26,571</u>
Basic earning per share (Rupees)	<u>(2.62)</u>	<u>8.86</u>

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

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2011
(UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2011	Sep. 30, 2010
PROFIT/ (LOSS) AFTER TAX	(7,868)	26,571
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>(7,868)</u>	<u>26,571</u>

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

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN-AUDITED)

	(RUPEES IN THOUSAND)	
	Sep. 30, 2011	Sep. 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(6,578)	31,844
Adjustments for:		
Depreciation	6,650	6,514
Financial charges	6,686	11,113
Interest expenses due to impact of IAS 39	550	-
Workers' profit participation fund	-	1,710
Workers' welfare fund	-	650
Profit on sale of fixed assets	(456)	-
Operating profit before working capital changes	6,852	51,831
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares	4,321	(13,173)
Stock-in-trade	9,485	(20,398)
Trade debts	(17,357)	(21,233)
Loans and advances	(6,393)	(260)
Deposits and other receivables	5,956	7,207
	(3,988)	(47,857)
Increase / (decrease) in current liabilities		
Trade and other payables	21,409	26,794
	21,409	26,794
Cash generated from operations	24,273	30,768
Financial charges paid	(8,565)	(10,387)
Income tax paid	(3,556)	(4,868)
	(12,121)	(15,255)
Net cash in flow from operating activities	12,152	15,513



Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Sep. 30, 2011	Sep. 30, 2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(4,943)	(9,466)
Capital work in progress	(4,049)	-
Sale proceed of fixed assets	525	-
Net cash (out flow) from investing activities	(8,467)	(9,466)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(4,000)	(4,524)
Short term borrowings (net)	840	(2,060)
Net cash (out flow) from financing activities	(3,160)	(6,584)
NET INFLOW / (OUTFLOW) OF CASH	525	(537)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	4,361	3,126
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER		
	4,886	2,589

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (UN - AUDITED)

	(RUPEES IN THOUSAND)			
	Issued, subscribed and Paid up share capital	General Reserve	Accumulated (loss) Un- Appropriated Profit	Total
Balance as at Sep. 30, 2009	30,000	60,000	(5,655)	84,345
Total comprehensive income Profit after taxation from Oct. 01,2009 to Jun.30,2010	-	-	46,807	46,807
Balance as at June 30, 2010	30,000	60,000	41,152	131,152
Total comprehensive income Profit after taxation from Jul. 01,2010 to Sep. 30,2010	-	-	26,571	26,571
Balance as at Sep. 30, 2010	30,000	60,000	67,723	157,723
Total comprehensive income Profit after taxation from Oct. 01,2010 to Jun.30,2011	-	-	27,671	27,671
Transaction with owners Final dividend for the year ended June 30, 2010 @Rs.1.00 per share	-	-	(3,000)	(3,000)
Balance as at June 30, 2011	30,000	60,000	92,394	182,394
Total comprehensive income (Loss)) after taxation from Jul. 01,2011 to Sep. 30,2011	-	-	(7,868)	(7,868)
Balance as at Sep. 30, 2011	30,000	60,000	84,526	174,526

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

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

SELECTED NOTES TO
THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2011
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

The company is registered as a public limited company in Pakistan and quoted on the Karachi and Lahore Stock Exchanges and engaged in the business of manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at A-601/A, City Towers, 6-K Main Boulevard, Gulberg - II, Lahore.

2. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011.

3. BASIS OF PREPARATION

This condensed interim financial report of the company for the Three months period ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard-34: Interim Financial Reporting and the provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance have been followed.

These condensed interim financial statements are un-audited and are being submitted to share holders as required under section 245 of Companies Ordinance 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income and notes thereto for the quarters ended September 30, 2011 and 2010 are included in these condensed interim financial statements.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended June 30, 2011.

4. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by the management in applying the company's accounting policies and key sources of estimation of uncertainty are the same as those were applied to the financial statements for the year ended June 30, 2011.



Shadab Textile Mills Limited

5. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (AT COST)

Following are the additions / (deletions) during the period:

	(RUPEES IN THOUSAND)	
	Sep. 30, 2011	June 30, 2011
ADDITIONS		
Building	-	7,314
Plant and Machinery	1,374	23,183
Vehicles	3,569	2,852
Office Equipment	-	80
DISPOSALS		
Vehicles	(939)	-

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs. 14.487 million (30 June 2011 : Rs. 14.487 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

Commitments

Commitments for capital expenditures are amounting to Rs. 14.690 million (June 30,2011 : Rs.Nil) and for non capital expenditures are amounting to Rs. 16.352 million (June 30,2011:Rs.7.636 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking material of aggregate sum of Rs. Nil (June 30, 2011 : Rs. 24.279 million) and purchased from associated undertaking material of aggregate sum of Rs. Nil (June 30, 2011 : Rs.5.712 million) during the period. The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs. Nil (June 30, 2011 : Rs. Nil).

8. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue by the Board of Directors on October 27, 2011.

9. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director