



HALF YEARLY REPORT

DECEMBER 31, 2015
(UN-AUDITED)



Shadab Textile Mills Limited



Shadab Textile Mills Limited

CONTENTS

Company Information	3
Directors' Report	4
Directors' Report (urdu)	5
Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information	6
Condensed Interim Balance Sheet	7
Condensed Interim Profit & Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Cash Flow Statement	10-11
Condensed Interim Statement of Changes in Equity	12
Selected Notes to the Condensed Interim Financial Information	13-14



Shadab Textile Mills Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	Mian Aamir Naseem Mian Farrukh Naseem Mian Shahzad Aslam Mr. Saad Naseem Mr. Ahmad Naseem Mr. Yasir Naseem Mrs. Fatima Aamir	Chief Executive Chairman
AUDIT COMMITTEE	Mr. Saad Naseem Mian Farrukh Naseem Mr. Ahmad Naseem	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Aamir Naseem Mr. Ahmad Naseem	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	
WEBSITE ADDRESS	www.shadabtextile.com	
MILLS	Nasimabad, Shahkot, District Nankana Sahib.	



Shadab Textile Mills Limited

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present un-audited financial statements of the Company for the half year ended December 31, 2015 reviewed by the auditors of the Company.

During the period under review, the Company earned after tax profit of Rs.6.794 million as compared to after tax profit of Rs.16.264 million of the corresponding period of previous year. Sales were made amounting to Rs. 911.171 million as compared to previous half year sales of Rs. 919.203 million showing decrease of Rs. 8.032 million against previous half year sales. Your Company produced 8.355 million Kgs of blended yarn as compared to 6.885 million Kgs during the corresponding period based on 20/S Count. Due to continuous supply of energy to the textile sector during this winter, your Company saved its production losses and produced more yarn as compare to the last period.

The financial results of the 2nd quarter slightly improved over the 1st quarter mainly due to reduction in prices of Furnace Oil resulting increase in Fuel Price Adjustment refunds. At present, the textile industry is at its worst. The prices of raw material are on higher side as compared to yarn sale prices resulting, many textile units are on the closure of their operation due to heavy losses.

Meanwhile, the government has taken steps in energy sectors like announcement of reduction in electricity tariff by Rs. 3.00/kwh w.e.f. January 01, 2016 and agreement between Pakistan and Qatar for import of RLNG for continuous energy supply to textile industry at competitive price. We are hopeful that if the government support to textile industry continuous, then the industry will take boost again.

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)

Lahore: February 26, 2016



ڈائریکٹرز رپورٹ

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی ششماہی مختتمہ 31 دسمبر 2015، کمپنی کے آڈیٹران کی نظر ثانی کے بعد، آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت میں کمپنی نے ٹیکس ادا کرنے کے بعد 6.794 ملین روپے کا منافع حاصل کیا ہے جو گزشتہ برس اسی مدت کیلئے 16.264 ملین روپے تھا۔ اس ششماہی میں سیلز کی مجموعی رقم 911.171 ملین روپے ہے جو گزشتہ برس کی ششماہی سیلز کی رقم 919.203 ملین روپے سے 8.032 ملین روپے کم ہے۔ آپ کی کمپنی نے اس سال 20/S کاؤنٹ کے امتزاج سے 8.355 ملین کلوگرام دھاگہ تیار کیا جبکہ گزشتہ برس یہ پیداوار 6.885 ملین کلوگرام تھی۔ اس موسم سرما میں ٹیکسٹائل کی صنعت کو توانائی کی مسلسل فراہمی سے فائدہ اٹھاتے ہوئے آپ کی کمپنی نے پیداواری خسارہ میں بچت کے ساتھ گزشتہ برس کے مقابلے میں زیادہ دھاگہ تیار کیا ہے۔

پہلی سدماہی کی نسبت دوسری سدماہی میں مالی نتائج قدرے بہتر رہے۔ یہ بہتری فرانس آئل کی قیمتوں میں کمی کی وجہ سے فیول پرائس ایڈجسٹمنٹ کی واپسی کی رقم میں اضافہ کی مرہون منت ہے۔ اس وقت ٹیکسٹائل کی صنعت کو بدترین صورت حال کا سامنا ہے۔ دھاگہ کی قیمت فروخت کے مقابلہ میں خام مال کی قیمتیں زیادہ ہیں۔ کئی ٹیکسٹائل یونٹ بھاری خسارے کی وجہ سے قریب الاختتام ہیں۔

دریں اثناء توانائی کے شعبہ میں کئے جانے والے حکومتی اقدامات مثلاً یکم جنوری 2016 سے بجلی کی قیمت میں Rs.3.00/kwh کی کمی کا اعلان اور قطر کی حکومت سے معاہدہ کی بدولت RLNG کی درآمد سے ٹیکسٹائل کی صنعت کو تقابلی قیمت پر توانائی دستیاب ہونے کی توقع ہے۔ ہم پر امید ہیں کہ اگر حکومت نے ٹیکسٹائل کی صنعت کی حمایت کو جاری رکھا تو یہ صنعت ایک بار پھر عروج پائے گی۔

بورڈ اس موقع پر کمپنی کی اعلیٰ انتظامیہ، افسران اور کارکن و عملہ کی بے لوث خدمات کو سراہتا ہے۔

منجانب بورڈ

Aamir Nazam

میاں عامر نسیم
چیف ایگزیکٹو

لاہور: 26 فروری 2016ء



Shadab Textile Mills Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SHADAB TEXTILE MILLS LIMITED** ("the Company") as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and selected notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended December 31, 2015 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter Paragraph

The figures for the quarters ended December 31, 2015 and December 31, 2014 in the condensed interim financial information have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2015 and hence, we do not express a conclusion thereon.

Lahore:
February 26, 2016

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood



Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET (UN-AUTIDED) AS AT DECEMBER 31, 2015

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2015 (Un-audited)	Jun. 30, 2015 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	380,189	396,246
LONG TERM DEPOSITS		<u>2,390</u>	<u>2,387</u>
		382,579	398,633
CURRENT ASSETS			
Stores, spares and loose tools		44,091	42,665
Stock in trade		177,766	168,775
Trade debts		115,578	103,510
Loans and advances		4,345	4,207
Trade deposits, prepayments		46,393	31,226
Other receivables		261	1,973
Cash and bank balances		19,642	18,239
		<u>408,076</u>	<u>370,595</u>
TOTAL ASSETS		<u>790,655</u>	<u>769,228</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital 6,000,000 ordinary shares of Rs. 10/- each		<u>60,000</u>	<u>60,000</u>
Issued, subscribed & paid-up capital		<u>30,000</u>	<u>30,000</u>
Revenue reserves		<u>337,314</u>	<u>340,720</u>
TOTAL EQUITY		<u>367,314</u>	<u>370,720</u>
NON - CURRENT LIABILITIES			
Long term financing		<u>22,667</u>	<u>28,333</u>
Deferred liabilities		<u>50,125</u>	<u>53,978</u>
		<u>72,792</u>	<u>82,311</u>
CURRENT LIABILITIES			
Trade and other payables		<u>197,289</u>	<u>181,256</u>
Accrued mark up		<u>2,470</u>	<u>2,427</u>
Short term borrowings		<u>130,345</u>	<u>112,842</u>
Current portion of long term loan		<u>11,333</u>	<u>5,667</u>
Provision for taxation		<u>9,112</u>	<u>14,005</u>
		<u>350,549</u>	<u>316,197</u>
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u>790,655</u>	<u>769,228</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2015

(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2015	Jul.-Dec. 2014	Oct.-Dec. 2015	Oct.-Dec. 2014
Sales- net	911,171	919,203	474,242	456,746
Cost of sales	<u>871,269</u>	<u>864,848</u>	<u>442,716</u>	<u>430,438</u>
GROSS PROFIT	<u>39,902</u>	<u>54,355</u>	<u>31,526</u>	<u>26,308</u>
Distribution and selling expenses	<u>324</u>	<u>58</u>	<u>168</u>	<u>40</u>
Administrative expenses	<u>20,070</u>	<u>20,322</u>	<u>10,073</u>	<u>10,249</u>
Other expenses	<u>893</u>	<u>1,749</u>	<u>893</u>	<u>845</u>
	<u>21,287</u>	<u>22,129</u>	<u>11,134</u>	<u>11,134</u>
	<u>18,615</u>	<u>32,226</u>	<u>20,392</u>	<u>15,174</u>
Other income	<u>856</u>	<u>90</u>	<u>840</u>	<u>90</u>
PROFIT FROM OPERATIONS	<u>19,471</u>	<u>32,316</u>	<u>21,232</u>	<u>15,264</u>
Finance cost	<u>7,418</u>	<u>8,719</u>	<u>3,859</u>	<u>3,859</u>
PROFIT BEFORE TAXATION	<u>12,053</u>	<u>23,597</u>	<u>17,373</u>	<u>11,405</u>
TAXATION:				
-Current	<u>9,112</u>	<u>8,482</u>	<u>4,741</u>	<u>3,717</u>
-Prior	<u>-</u>	<u>(631)</u>	<u>-</u>	<u>(631)</u>
-Deferred	<u>(3,853)</u>	<u>(518)</u>	<u>(3,853)</u>	<u>(830)</u>
	<u>5,259</u>	<u>7,333</u>	<u>888</u>	<u>2,256</u>
PROFIT AFTER TAXATION	<u>6,794</u>	<u>16,264</u>	<u>16,485</u>	<u>9,149</u>
Basic and diluted earning per share - (Rupees)	<u>2.26</u>	<u>5.42</u>	<u>5.50</u>	<u>3.05</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2015

(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2015	Jul.-Dec. 2014	Oct.-Dec. 2015	Oct.-Dec. 2014
PROFIT AFTER TAXATION	6,794	16,264	16,485	9,149
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>6,794</u>	<u>16,264</u>	<u>16,485</u>	<u>9,149</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

	(RUPEES IN THOUSAND)	
	Dec. 31, 2015	Dec. 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,053	23,597
Adjustments for:		
Depreciation	20,189	20,067
Finance cost	7,418	8,719
Workers' profit participation fund	647	1,267
Workers' welfare fund	246	482
Profit on sale of fixed assets	(16)	-
Operating profit before working capital changes	40,537	54,132
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(1,426)	2,156
Stock in trade	(8,991)	33,577
Trade debts	(12,068)	(27,242)
Loans and advances	(138)	3,294
Trade deposits and prepayments	(22,711)	(5,539)
Other receivables	1,712	2,787
	(43,622)	9,033
Increase / (decrease) in current liabilities		
Trade and other payables	10,428	33,280
Cash generated from operations	7,343	96,445
Finance cost paid	(7,374)	(10,892)
Income tax paid	(6,461)	(6,682)
	(13,835)	(17,574)
Net cash (used in) / generated from operating activities	(6,492)	78,871




Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2015	Dec. 31, 2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for fixed capital expenditure	(4,139)	(8,427)
Long term deposits paid	(3)	-
Proceeds from disposal of operating fixed assets	23	-
Net cash (used in) investing activities	(4,119)	(8,427)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment against long term loans	-	(11,743)
Proceeds from short term borrowings (net)	17,503	(53,955)
Dividend paid	(5,489)	(1,569)
Net cash generated / (used in) financing activities	12,014	(67,267)
NET CASH GENERATED DURING THE PERIOD	1,403	3,177
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	18,239	2,881
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19,642	6,058

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


(Mian Aamir Naseem)
Chief Executive


(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

(RUPEES IN THOUSAND)

	Share Capital	Revenue Reserve		Total Equity
	Issued, Subscribed & Paid up Ordinary share	General Reserve	Un-appropriated profit	
Balance as at July 01, 2014	30,000	260,000	58,269	348,269
Total comprehensive income				
Profit after taxation	-	-	16,264	16,264
for the period ended December 31, 2014				
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	16,264	16,264
Transaction with owners				
Final Dividend for the year ended				
June 30, 2014 @Rs. 1.00 per share	-	-	(3,000)	(3,000)
Balance as at December 31, 2014	30,000	260,000	71,533	361,533
Total comprehensive income				
Profit after taxation				
for the period ended June 30, 2015	-	-	9,187	9,187
Balance as at June 30, 2015	30,000	260,000	80,720	370,720
Total comprehensive income				
Profit after taxation	-	-	6,794	6,794
for the period ended December 31, 2015				
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	6,794	6,794
Transaction with owners				
Final Dividend for the year ended				
June 30, 2015 @Rs. 3.40 per share	-	-	(10,200)	(10,200)
Balance as at December 31, 2015	30,000	260,000	77,314	367,314

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015

1. THE COMPANY AND ITS OPERATIONS

Shadab Textile Mills Limited ("the company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange Limited (formerly on Karachi and Lahore Stock Exchanges Limited). The principal activity of the Company is manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 6th Floor, A-601/A, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.

2. BASIS OF PREPARATION

This condensed interim financial information of the company for the six months period ended December 31, 2015 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and 2014 are also included in this condensed interim financial information, which were not subject to review.

This condensed interim financial information does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the company's audited annual financial statements for the year ended June 30, 2015.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual financial statements of the company for the year ended June 30, 2015, except for changes resulting from initial application of standards, amendments or interpretations to existing standards.

However, amendments / improvements and new interpretations of approved accounting standards effective during the period, were not relevant to the companies operations and do not have any material impact on the accounting policies of the company.

4. ESTIMATES

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make judgments, 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 annual audited financial statements for the year ended June 30, 2015.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2015	Jun. 30, 2015
5. <u>PROPERTY, PLANT AND EQUIPMENT</u>		
Operating fixed assets		
Opening net book value	396,246	390,450
Additions during the period/ year		
Plant and machinery	4,073	45,235
Vehicles	66	1,329
	4,139	46,564
Disposals during the period/ year		
Vehicles	7	-
	7	-
Depreciation charged thereon	20,189	40,768
Closing net book value	<u>380,189</u>	<u>396,246</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.14.487 million (June 30, 2015 : 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 non capital expenditures amounted to Rs.Nil (June 30, 2015: Rs.42.754 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking goods/material of aggregate sum of Rs. 4.201 million (June 30, 2015 : Rs.1.576 million) and purchased from associated undertaking material of aggregate sum of Rs.13.834 million (June 30, 2015 : Rs.70.978 million) during the period, charged rent during the period of Rs.0.840 million (June 30, 2015 : Rs.3.360 million). The maximum aggregate amount due from associated undertaking at the end of the period was Rs.9.675 million (June 30, 2015 : Rs.7.045 million).

8. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the company as at and for the year ended June 30, 2015.

9. DATE OF AUTHORIZATION

This condensed interim financial information has been approved by the Board of Directors of the company and authorized for issue on February 26, 2016.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director