



Half Yearly Report

December 31, 2013
(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 Mr. Saad Naseem Mr. Ahmed Ali Tariq Mr. Yasir Naseem Mrs. Fatima Aamir	Chief Executive Chairman
AUDIT COMMITTEE	Mr. Saad Naseem Mian Farrukh Naseem Mr. Ahmed Ali Tariq	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Aamir Naseem 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	
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, 2013 reviewed by the auditors of the Company.

During the period under review, the Company earned pretax profit of Rs.62.838 million as compared to pretax profit of Rs.62.885 million of the corresponding period of previous year. Second quarter of the half year showed pretax profit of Rs.15.594 million as compared to profit of corresponding quarter of previous year Rs.22.431 million. The sales made in the second quarter is amounting to Rs.470.334 million as compared to sales of corresponding quarter of previous year Rs.433.978 million. Six monthly sales are increased to Rs.978.615 million as compared to sale of corresponding period Rs.865.675 million. Earning per share is Rs.11.87 as compared to Rs.16.29 per share.

The profitability of the company of the second quarter affected mainly due to decrease in demand and prices of yarn and increase in prices of raw material especially cotton and energy cost by increasing the tariff of electricity and gas.

During the period under review, the company invested Rs.70.000 million from its own resources for BMR of the existing facilities to make the project more viable and achieving improved production capacity.

The power shortage is still hampering the industrial sector badly and affecting the productivity of industrial units. Besides this, due to heavy increase in tariff of electricity and gas, the cost of energy has increased significantly. In this situation, we cannot compete in local as well as international markets. It seems that coming six months will not be easy. However, the management is trying its level best to achieve better results subject of the improved market conditions and uninterrupted supply of energy.

The Directors placed on record their appreciation for 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, 2014



Shadab Textile Mills Limited

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 as at December 31, 2013 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, 2013 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, 2013 and December 31, 2012 in the condensed interim profit and loss accounts and condensed interim statement of comprehensive income have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2013 and hence, we do not express a conclusion thereon.

Lahore:
February 26, 2014

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood



Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET (UN-AUTIDED) AS AT DECEMBER 31, 2013

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2013 (Un-audited)	Jun. 30, 2013 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	390,229	338,069
LONG TERM DEPOSITS		<u>2,382</u>	<u>2,382</u>
		392,611	340,451
CURRENT ASSETS			
Stores, spares and loose tools		45,786	30,633
Stock in trade		301,457	211,838
Trade debts		58,468	91,522
Loans and advances		10,306	2,451
Trade deposits, prepayments		43,815	22,617
Other receivables		6,377	7,829
Cash and bank balances		<u>7,814</u>	<u>5,511</u>
		474,023	372,401
TOTAL ASSETS		<u>866,634</u>	<u>712,852</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>310,544</u>	<u>279,420</u>
TOTAL EQUITY		<u>340,544</u>	<u>309,420</u>
NON - CURRENT LIABILITIES			
Long term financing		<u>11,743</u>	<u>23,486</u>
Deferred liabilities		<u>65,978</u>	<u>48,857</u>
		77,721	72,343
CURRENT LIABILITIES			
Trade and other payables		<u>166,977</u>	<u>135,803</u>
Accrued mark up		<u>4,894</u>	<u>7,141</u>
Short term borrowings		<u>242,917</u>	<u>149,569</u>
Current portion of long term loans		<u>23,487</u>	<u>23,487</u>
Provision for taxation		<u>10,094</u>	<u>15,089</u>
		448,369	331,089
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u>866,634</u>	<u>712,852</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, 2013

(RUPEES IN THOUSAND)

	Half Year ended		Quarter ended	
	Jul.-Dec. 2013	Jul.-Dec. 2012	Oct.-Dec. 2013	Oct.-Dec. 2012
Sales - net	978,615	865,675	470,334	433,978
Cost of sales	<u>883,305</u>	<u>769,220</u>	<u>437,496</u>	<u>394,521</u>
GROSS PROFIT	95,310	96,455	32,838	39,457
OPERATING EXPENSES				
Administrative & general	<u>19,051</u>	<u>16,777</u>	<u>9,619</u>	<u>8,592</u>
Selling and distribution	<u>213</u>	<u>218</u>	<u>8</u>	<u>88</u>
	<u>19,264</u>	<u>16,995</u>	<u>9,627</u>	<u>8,680</u>
OPERATING PROFIT	76,046	79,460	23,211	30,777
Finance costs	11,063	13,131	6,462	6,685
Other charges	<u>4,657</u>	<u>4,660</u>	<u>1,155</u>	<u>1,661</u>
	<u>60,326</u>	<u>61,669</u>	<u>15,594</u>	<u>22,431</u>
Other income	<u>2,512</u>	<u>1,216</u>	-	-
PROFIT BEFORE TAXATION	62,838	62,885	15,594	22,431
TAXATION:				
- Current	<u>10,094</u>	<u>11,221</u>	<u>4,861</u>	<u>7,674</u>
- Prior	<u>(1)</u>	<u>3,132</u>	<u>(1)</u>	<u>3,132</u>
- Deferred	<u>17,121</u>	<u>(333)</u>	<u>4,635</u>	<u>(10,380)</u>
	<u>27,214</u>	<u>14,020</u>	<u>9,495</u>	<u>426</u>
PROFIT AFTER TAXATION	<u>35,624</u>	<u>48,865</u>	<u>6,099</u>	<u>22,005</u>
Basic and diluted earning per share - (Rupees)	<u>11.87</u>	<u>16.29</u>	<u>2.03</u>	<u>7.34</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, 2013

(RUPEES IN THOUSAND)

	Half Year ended		Quarter ended	
	Jul.-Dec. 2013	Jul.-Dec. 2012	Oct.-Dec. 2013	Oct.-Dec. 2012
PROFIT AFTER TAXATION	35,624	48,865	6,099	22,005
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>35,624</u>	<u>48,865</u>	<u>6,099</u>	<u>22,005</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, 2013

	(RUPEES IN THOUSAND)	
	Dec. 31, 2013	Dec. 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	62,838	62,885
Adjustments for:		
Depreciation	17,973	14,427
Finance costs	11,063	13,131
Workers' profit participation fund	3,375	3,377
Workers' welfare fund	1,282	1,283
Profit on sale of fixed assets	(2,512)	(1,216)
Operating profit before working capital changes	94,019	93,887
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(15,153)	1,534
Stock-in-trade	(89,619)	(196,304)
Trade debts	33,054	16,895
Loans and advances	(7,855)	843
Trade deposits and prepayments	(22,991)	(5,025)
Other receivables	1,452	(2,386)
	(101,112)	(184,443)
Increase / (decrease) in current liabilities		
Trade and other payables	24,101	31,163
Cash generated / (utilized) from operations	17,008	(59,393)
Finance costs paid	(13,310)	(14,893)
Income tax paid	(13,294)	(2,343)
	(26,604)	(17,236)
Net cash (used in) operating activities	(9,596)	(76,629)



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2013	Dec. 31, 2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for fixed capital expenditure	(58,379)	(29,331)
Capital work in progress	(13,442)	-
Proceeds from disposal of operating fixed assets	4,200	1,465
Net cash (used in) investing activities	(67,621)	(27,866)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment against long term loans	(11,743)	(11,743)
Proceeds from short term borrowings (net)	93,348	119,818
Dividend paid	(2,085)	(2,907)
Net cash generated from financing activities	79,520	105,168
NET CASH GENERATED DURING THE PERIOD	2,303	673
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,511	6,652
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,814	7,325

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, 2013

(RUPEES IN THOUSAND)

	Share Capital Issued, Subscribed & Paid up Ordinary share	Revenue Reserve		
		General Reserve	Un-appropriated profit	Total Equity
Balance as at July 01, 2012	30,000	60,000	110,238	200,238
Total comprehensive income				
Profit after taxation for the period ended December 31, 2012	-	-	48,865	48,865
Transaction with owners				
Final Dividend for the year ended June 30, 2012 @Rs. 1.00 per share	-	-	(3,000)	(3,000)
Balance as at December 31, 2012	30,000	60,000	156,103	246,103
Total comprehensive income				
Profit after taxation for the period ended June 30, 2013	-	-	63,317	63,317
Balance as at June 30, 2013	30,000	60,000	219,420	309,420
Total comprehensive income				
Profit after taxation for the period ended December 31, 2013	-	-	35,624	35,624
Transaction with owners				
Final Dividend for the year ended June 30, 2013 @Rs. 1.50 per share	-	-	(4,500)	(4,500)
Transfer to general reserve	-	200,000	(200,000)	-
Balance as at December 31, 2013	30,000	260,000	50,544	340,544

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, 2013

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 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, 2013 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, 2013 and 2012 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, 2013.

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, 2013, 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, 2013.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

		Dec. 31, 2013	Jun. 30, 2013
5. <u>PROPERTY, PLANT AND EQUIPMENT</u>			
Operating fixed assets	5.1	375,205	336,487
Capital work-in-progress		15,024	1,582
		<u>390,229</u>	<u>338,069</u>
5.1 Operating fixed assets			
Opening net book value		336,487	271,336
Additions during the period/ year			
Buildings		-	22,260
Plant and machinery		58,379	67,798
Vehicles		-	6,426
		58,379	96,484
Disposals during the period/ year			
Plant and machinery		1,688	-
Vehicles		-	249
		1,688	249
Depreciation charged thereon		17,973	31,084
Closing net book value		<u>375,205</u>	<u>336,487</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.14.487 million (June 30, 2013 : 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 amounted to Rs.Nil (June 30, 2013 : Rs.19.314 million) and for non capital expenditures amounted to Rs.Nil (June 30, 2013: Rs.26.109 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking machinery/material of aggregate sum of Rs. 4.200 million (June 30, 2013 : Rs.0.128 million) and purchased from associated undertaking office building of aggregate sum of Rs.NIL (June 30, 2013 : Rs.21.000 million) during the period. The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs.4.200 million (June 30, 2013 : Rs. NIL).

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, 2013.

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, 2014.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director