



Half Yearly Report  
December 31, 2014  
(Un-Audited)



**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	<a href="http://www.shadabtextile.com">www.shadabtextile.com</a>	
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, 2014 reviewed by the auditors of the Company.

During the period under review, the Company earned pretax profit of Rs.23.597 million as compared to pretax profit of Rs.62.838 million of the corresponding period of previous year. Second quarter of the half year showed pretax profit of Rs. 11.405 million as compared to profit of corresponding quarter of previous year Rs.15.594 million. Sales made in the second quarter amounts to Rs.456.746 million as compared to sales of corresponding quarter of previous year Rs.470.334 million. Six monthly sales are decreased to Rs.919.203 million as compared to sale of corresponding period Rs.978.615 million. Earning per share is Rs.5.42 as compared to Rs.11.87 per share.

Profitability of the Company has slashed significantly in the current half year ended December 31, 2014 as compared to the corresponding half year of the last year. The textile sector has been facing difficult situation since January 2014 due to lesser product demand and continuous reducing trend of cotton / fibre & yarn prices in international & domestic market and high price of energy and interruption in Gas & Power Supply has further added to the worsening situation resulting in production losses which is affecting the financial results.

Textile industry has been going through one of the toughest periods in the decade. It has been facing multiple challenges like comparative lower cost of doing business in neighboring countries. In future, Company's ability to produce better results depend on uninterrupted gas & electricity supply, continued demand of yarn both in local as well as international market, stability of yarn prices, single digit inflation and controlled law & order situation in the country.

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 25, 2015



## Shadab Textile Mills Limited

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### 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, 2014 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, 2014 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, 2014 and December 31, 2013 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, 2014 and hence, we do not express a conclusion thereon.

Lahore:  
February 25, 2015

FAZAL MAHMOOD & COMPANY  
Chartered Accountants  
Engagement Partner: Khuldoon Abdul Rahman



## Shadab Textile Mills Limited

### CONDENSED INTERIM BALANCE SHEET (UN-AUTIDED) AS AT DECEMBER 31, 2014

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2014 (Un-audited)	Jun. 30, 2014 (Audited)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	378,810	390,450
LONG TERM DEPOSITS		<u>2,387</u>	<u>2,387</u>
		381,197	392,837
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		42,804	44,960
Stock in trade		167,969	201,546
Trade debts		101,205	73,963
Loans and advances		6,670	9,964
Trade deposits, prepayments		19,867	20,464
Other receivables		5,047	7,834
Cash and bank balances		6,058	2,881
		<u>349,620</u>	<u>361,612</u>
<b>TOTAL ASSETS</b>		<u><u>730,817</u></u>	<u><u>754,449</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
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>331,533</u>	<u>318,269</u>
<b>TOTAL EQUITY</b>		<u>361,533</u>	<u>348,269</u>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing		<u>-</u>	<u>-</u>
Deferred liabilities		<u>64,044</u>	<u>64,562</u>
		64,044	64,562
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>157,845</u>	<u>121,385</u>
Accrued mark up		<u>3,115</u>	<u>5,287</u>
Short term borrowings		<u>124,055</u>	<u>178,010</u>
Current portion of long term loan		<u>11,743</u>	<u>23,486</u>
Provision for taxation		<u>8,482</u>	<u>13,450</u>
		<u>305,240</u>	<u>341,618</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>730,817</u></u>	<u><u>754,449</u></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, 2014

(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2014	Jul.-Dec. 2013	Oct.-Dec. 2014	Oct.-Dec. 2013
Sales- net	919,203	978,615	456,746	470,334
Cost of sales	<u>864,848</u>	<u>883,305</u>	<u>430,438</u>	<u>437,496</u>
GROSS PROFIT	54,355	95,310	26,308	32,838
Distribution and selling expenses	58	213	40	8
Administrative expenses	20,322	19,051	10,249	9,619
Other expenses	1,749	4,657	845	1,155
	<u>22,129</u>	<u>23,921</u>	<u>11,134</u>	<u>10,782</u>
	32,226	71,389	15,174	22,056
Other income	90	2,512	90	-
PROFIT FROM OPERATIONS	32,316	73,901	15,264	22,056
Finance cost	8,719	11,063	3,859	6,462
PROFIT BEFORE TAXATION	23,597	62,838	11,405	15,594
TAXATION:				
- Current	8,482	10,094	3,717	4,861
- Prior	(631)	(1)	(631)	(1)
- Deferred	(518)	17,121	(830)	4,635
	7,333	27,214	2,256	9,495
PROFIT AFTER TAXATION	<u>16,264</u>	<u>35,624</u>	<u>9,149</u>	<u>6,099</u>
Basic and diluted earning per share - (Rupees)	<u>5.42</u>	<u>11.87</u>	<u>3.05</u>	<u>2.03</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, 2014

(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2014	Jul.-Dec. 2013	Oct.-Dec. 2014	Oct.-Dec. 2013
PROFIT AFTER TAXATION	16,264	35,624	9,149	6,099
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>16,264</u>	<u>35,624</u>	<u>9,149</u>	<u>6,099</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, 2014


	(RUPEES IN THOUSAND)	
	Dec. 31, 2014	Dec. 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,597	62,838
Adjustments for:		
Depreciation	20,067	17,973
Finance cost	8,719	11,063
Workers' profit participation fund	1,267	3,375
Workers' welfare fund	482	1,282
Profit on sale of fixed assets	-	(2,512)
Operating profit before working capital changes	54,132	94,019
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,156	(15,153)
Stock-in-trade	33,577	(89,619)
Trade debts	(27,242)	33,054
Loans and advances	3,294	(7,855)
Trade deposits and prepayments	(5,539)	(22,991)
Other receivables	2,787	1,452
	9,033	(101,112)
Increase / (decrease) in current liabilities		
Trade and other payables	33,280	24,101
Cash generated from operations	96,445	17,008
Finance cost paid	(10,892)	(13,310)
Income tax paid	(6,682)	(13,294)
	(17,574)	(26,604)
Net cash generated / (used in) operating activities	78,871	(9,596)



## Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Dec. 31, 2014	Dec. 31, 2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for fixed capital expenditure	(8,427)	(58,379)
Capital work in progress	-	(13,442)
Proceeds from disposal of operating fixed assets	-	4,200
Net cash (used in) investing activities	(8,427)	(67,621)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment against long term loans	(11,743)	(11,743)
Proceeds from short term borrowings (net)	(53,955)	93,348
Dividend paid	(1,569)	(2,085)
Net cash (used in) / generated from financing activities	(67,267)	79,520
<b>NET CASH GENERATED DURING THE PERIOD</b>	<b>3,177</b>	<b>2,303</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>2,881</b>	<b>5,511</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6,058</b>	<b>7,814</b>

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, 2014

(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, 2013	30,000	60,000	219,420	309,420
Transfer to general reserve	-	200,000	(200,000)	-
Total comprehensive income				
Profit after taxation for the period ended December 31, 2013	-	-	35,624	35,624
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	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)
Balance as at December 31, 2013	30,000	260,000	50,544	340,544
Total comprehensive income				
Profit after taxation for the period ended June 30, 2014	-	-	7,725	7,725
Balance as at June 30, 2014	30,000	260,000	58,269	348,269
Total comprehensive income				
Profit after taxation for the period ended December 31, 2014	-	-	16,264	16,264
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

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, 2014

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, 2014 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, 2014 and 2013 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, 2014.

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, 2014, 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, 2014.



## Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2014	Jun. 30, 2014
5. <u>PROPERTY, PLANT AND EQUIPMENT</u>		
Operating fixed assets		
Opening net book value	390,450	336,487
Additions during the period/ year		
Buildings	-	20,542
Plant and machinery	7,098	74,210
Vehicles	1,329	-
	8,427	94,752
Disposals during the period/ year		
Plant and machinery	-	1,688
	-	1,688
Depreciation charged thereon	20,067	39,101
Closing net book value	<u>378,810</u>	<u>390,450</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.14.487 million ( June 30, 2014 : 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, 2014 : Rs.3.560 million) and for non capital expenditures amounted to Rs.Nil (June 30, 2014: Rs.3.968 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking machinery of aggregate sum of Rs.NIL (June 30, 2014:Rs.4.200 million) and purchased from associated undertaking material of aggregate sum of Rs.17.697 million (June 30, 2014 Rs.NIL) during the period. The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs.0.586 million ( June 30, 2014 : 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, 2014.

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 25, 2015.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director