



Half Yearly Report
December 31, 2012
(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
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 Alfalah 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 condensed interim financial statements of the Company for the half year ended December 31, 2012 reviewed by the auditors of the Company.

During the period under review, the Company earned profit after tax of Rs.48.865 million as compared to after tax profit of Rs.0.841 million in the comparative period. Sales were made amounting to Rs.865.675 million representing an increase of 12.64% against previous period sales. Increase in sales is mainly due to comparatively improved prices of yarn. The gross margin has substantially improved to 11.14% as compared to 3.89% of corresponding period. The Company's net profit margin has also improved to 5.65% as compared to 0.11% of corresponding period. Earning per share is Rs. 16.29 as compared to Rs.0.28 per share.

The financial results of the company in the six months have improved mainly due to good quality of cotton crop, reasonable prices of raw material and favourable domestic as well as international yarn market, inspite of the unfavourable factors like unprecedented increase in minimum wages, electricity tariff and power disruption due to closure of gas during the winter and heavy load shedding of electricity by WAPDA.

The management has planned to BMR its existing machinery from its own sources and letters of credit for import of 02 Nos. automatic winder of Italy have been established to compete with the fast changing trends, market requirements to increase the production and make the project more viable. However, the management is trying 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: February 26, 2013



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, 2012 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, 2012 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, 2012 and December 31, 2011 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, 2012 and hence, we do not express a conclusion thereon.

Lahore:
February 26, 2013

FAZAL MAHMOOD & COMPANY
Chartered Accountants
(A member firm of JHI)
Engagement Partner: Fazal Mahmood



Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET (UN-AUTIDED) AS AT DECEMBER 31, 2012

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2012 (Un-audited)	Jun. 30, 2012 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	285,991	271,336
LONG TERM DEPOSITS		<u>2,382</u>	<u>2,382</u>
		288,373	273,718
CURRENT ASSETS			
Stores and spares		27,450	28,984
Stock in trade		325,865	129,561
Trade debts		43,221	60,116
Loans and advances		4,374	5,217
Trade deposits, prepayments & other receivables		18,025	24,545
Cash and bank balances		<u>7,325</u>	<u>6,652</u>
		426,260	255,075
TOTAL ASSETS		<u>714,633</u>	<u>528,793</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised 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>
General reserve		60,000	60,000
Un-appropriated profit		156,103	110,238
TOTAL EQUITY		246,103	200,238
NON - CURRENT LIABILITIES			
Long term loans - secured		<u>35,230</u>	<u>46,973</u>
Deferred liabilities		<u>42,159</u>	<u>42,492</u>
		77,389	89,465
CURRENT LIABILITIES			
Trade and other payables		<u>120,831</u>	<u>84,915</u>
Accrued mark up on secured loans		6,391	8,153
Short term borrowings - secured		229,211	109,393
Current portion of long term loans		23,487	23,487
Provision for taxation		<u>11,221</u>	<u>13,142</u>
		391,141	239,090
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u>714,633</u>	<u>528,793</u>

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

(Mian Aamir Naseem)
Chief Executive Officer

(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, 2012

(RUPEES IN THOUSAND)

	For the Half year ended		For the Quarter ended	
	Jul.-Dec. 2012	Jul.-Dec. 2011	Oct.-Dec. 2012	Oct.-Dec. 2011
Sales- net	865,675	768,524	433,978	413,135
Cost of sales	769,220	738,613	394,521	390,017
GROSS PROFIT	96,455	29,911	39,457	23,118
OPERATING EXPENSES				
Administrative and general	16,777	13,221	8,592	6,722
Selling and distribution	218	172	88	80
	16,995	13,393	8,680	6,802
OPERATING PROFIT	79,460	16,518	30,777	16,316
Financial charges	13,131	17,418	6,685	10,182
Other charges	4,660	18	1,661	18
	61,669	(918)	22,431	6,116
Other income	1,216	1,154	-	698
PROFIT BEFORE TAXATION	62,885	236	22,431	6,814
TAXATION:				
-Current	11,221	7,723	7,674	4,153
-Prior	3,132	(687)	3,132	(687)
-Deferred	(333)	(7,641)	(10,380)	(5,361)
	14,020	(605)	426	(1,895)
PROFIT AFTER TAXATION	48,865	841	22,005	8,709
BASIC EARNING PER SHARE				
- Rupees	16.29	0.28	7.34	2.90

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

(Mian Aamir Naseem)
Chief Executive Officer

(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, 2012

	(RUPEES IN THOUSAND)			
	For the Half year ended		For the Quarter ended	
	Jul.-Dec. 2012	Jul.-Dec. 2011	Oct.-Dec. 2012	Oct.-Dec. 2011
PROFIT AFTER TAXATION	48,865	841	22,005	8,709
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>48,865</u>	<u>841</u>	<u>22,005</u>	<u>8,709</u>

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

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2012

	(RUPEES IN THOUSAND)	
	Dec. 31, 2012	Dec. 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	62,885	236
Adjustments for:		
Depreciation	14,427	13,345
Profit on sale of fixed assets	(1,216)	(1,154)
Financial charges	13,131	17,418
Workers' profit participation fund	3,377	12
Workers' welfare fund	1,283	6
Amortization of financial liability	-	1,123
Operating profit before working capital changes	<u>93,887</u>	<u>30,986</u>
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores and spares	1,534	6,286
Stock in trade	(196,304)	(142,390)
Trade debts	16,895	(32,885)
Loans and advances	843	(121)
Trade deposits, prepayments and other receivables	(7,411)	3,355
	<u>(184,443)</u>	<u>(165,755)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	31,163	28,929
	<u>31,163</u>	<u>28,929</u>
Cash (utilized in) operations	<u>(59,393)</u>	<u>(105,840)</u>
Financial charges paid	(14,893)	(16,146)
Income tax paid	(2,343)	(4,193)
	<u>(17,236)</u>	<u>(20,339)</u>
Net cash (utilized in) operating activities	<u>(76,629)</u>	<u>(126,179)</u>



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2012	Dec. 31, 2011
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed capital expenditures	(29,331)	(6,030)
Capital work in progress	-	(6,113)
Sale proceeds of fixed assets	1,465	1,605
Net cash (out flow) from investing activities	(27,866)	(10,538)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term loans - repayment	(11,743)	(16,267)
Short term borrowings (net)	119,818	153,468
Dividend paid	(2,907)	(901)
Net cash inflow from financing activities	105,168	136,300
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	673	(417)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,652	4,361
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,325	3,944

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

(Mian Aamir Naseem)
Chief Executive Officer

(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, 2012

(RUPEES IN THOUSAND)

	Share Capital		Revenue Reserve	
	Issued, Subscribed & Paid up Capital	General Reserve	Un- appropriated profit	TOTAL
BALANCE AS AT JUNE 30, 2011	30,000	60,000	92,394	182,394
Total comprehensive income				
Profit after taxation for the period ended December 31, 2011	-	-	841	841
Other comprehensive income	-	-	-	-
	-	-	841	841
Owner changes in equity				
Final Dividend for the year ended June 30, 2011 @Rs. 1.00 per share	-	-	(3,000)	(3,000)
BALANCE AS AT DECEMBER 31, 2011	30,000	60,000	90,235	180,235
Total comprehensive income				
Profit after taxation for the period ended June 30, 2012	-	-	20,003	20,003
Other comprehensive income	-	-	-	-
	-	-	20,003	20,003
BALANCE AS AT JUNE 30, 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
Other comprehensive income	-	-	-	-
	-	-	48,865	48,865
Owner changes in equity				
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

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

(Mian Aamir Naseem)
Chief Executive Officer

(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, 2012

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, 2012 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, 2012 and 2011 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, 2012.

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, 2012, 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, 2012.



Shadab Textile Mills Limited

5. PROPERTY, PLANT AND EQUIPMENT

Detail of additions and disposals at net book value along with depreciation charged during the period/ year are as follows:

	<u>(RUPEES IN THOUSAND)</u>	
	<u>Dec. 31, 2012</u>	<u>Jun. 30, 2012</u>
Opening net book value	271,336	258,062
<u>Additions during the period/ year</u>		
Building on freehold land	21,000	6,896
Plant and machinery	5,024	31,324
Vehicles	3,307	3,569
Office equipments	-	29
	29,331	41,818
<u>Disposals during the period/ year</u>		
Plant and machinery	-	283
Vehicles	249	169
	249	452
Depreciation charged thereon	<u>14,427</u>	<u>28,092</u>
Closing net book value	<u>285,991</u>	<u>271,336</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.14.487 million (June 30, 2012 : 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.3.249 million (June 30, 2012 : Rs.1.505 million) and for non capital expenditures amounted to Rs.64.603 million (June 30, 2012:Rs.8.996 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking material of aggregate sum of Rs. 0.128 million (June 30, 2012 : Rs. Nil) and purchased from associated undertaking office building of aggregate sum of Rs.21.000 million (June 30, 2012 : Rs.3.364 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, 2012 : 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, 2012.

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 , 2013.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director