



Half Yearly Report

December 31, 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 (Chief Executive Officer)
Mian Farrukh Naseem
Mian Shahzad Aslam
Mst. Nusrat Shamim
Mr. Ahmad Ali Tariq
Mr. Mazhar Hussain
Mr. Tariq Javaid

Audit Committee

Mian Farrukh Naseem Chairman
Mian Shahzad Aslam Member
Mr. Ahmad Ali Tariq Member

Chief Financial Officer

Mr. Mazhar Hussain

Company Secretary

Mr. Mazhar Hussain

Auditors

Fazal Mehmood & Company,
Chartered Accountants

Share Registrar

Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Ph: 042-35839182, 35887262
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: No. 5788714-16

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 half year ended December 31, 2011 reviewed by the auditors of the Company.

During the period under review, the Company earned after tax profit of Rs. 0.841 million as compared to after tax profit of Rs. 37.302 million of the corresponding period. Second quarter of the half year showed better results as compared to first quarter of the half year. The sale made in the second quarter is amounting to Rs. 413.135 million as compared to first quarter sale of Rs. 355.389 million.

The prices of cotton are continuously on the downward trend from the start of the season, consequently the prices of cotton / blended yarn are also decreasing which is resulting in losses against utilization of high rate stocks purchased in early period and the sale rates are not too good that can fetch profitability. The textile sector is fighting hard to remain competitive in local and international market due to continuous reduction trend of cotton and yarn prices in foreign as well as local market.

Frequent power break downs and long hours load shedding by WAPDA and continuous curtailment of gas supply are the major factors affecting the productivity of the Company. In this situation, the production process remained partially non-operative and we are unable to meet the fixed, variable and other costs. Without continuous supply of energy, full capacity utilization is not possible. 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 27, 2012



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, 2011 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 inquiries, 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, 2011 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, 2011 and December 31, 2010 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, 2011 and hence, we do not express a conclusion thereon.

Lahore:
February 27, 2012

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, 2011

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2011 (Un-audited)	Jun. 30, 2011 (Audited)
ASSETS			
<u>NON CURRENT ASSETS</u>			
Property ,plant and equipment	5	250,296	258,062
Capital work in progress - Civil Works		6,113	-
LONG TERM DEPOSITS		<u>2,382</u>	<u>2,382</u>
		258,791	260,444
<u>CURRENT ASSETS</u>			
Stores and spares		29,432	35,718
Stock in trade		266,386	123,996
Trade debts		70,598	37,713
Loans and advances		4,655	4,534
Trade deposits,prepayments & other receivables		29,221	31,843
Cash and bank balances		3,944	4,361
		<u>404,236</u>	<u>238,165</u>
TOTAL ASSETS		<u><u>663,027</u></u>	<u><u>498,609</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>SHARE CAPITAL & RESERVES</u>			
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		<u>90,235</u>	<u>92,394</u>
TOTAL EQUITY		<u>180,235</u>	<u>182,394</u>
<u>NON - CURRENT LIABILITIES</u>			
Long term loans		<u>58,717</u>	<u>68,290</u>
Deferred liabilities		<u>41,876</u>	<u>49,517</u>
		100,593	117,807
<u>CURRENT LIABILITIES</u>			
Trade and other payables		<u>96,861</u>	<u>65,815</u>
Accrued mark up on secured loans		9,075	7,803
Short term borrowings		233,926	72,808
Current portion of long term loans		34,614	47,835
Provision for taxation		<u>7,723</u>	<u>4,147</u>
		<u>382,199</u>	<u>198,408</u>
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u><u>663,027</u></u>	<u><u>498,609</u></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, 2011
(RUPEES IN THOUSAND)

	For the Half year ended		For the Quarter Ended	
	Jul.-Dec. 2011	Jul.-Dec. 2010	Oct.-Dec. 2011	Oct.-Dec. 2010
Sales- net	768,524	881,820	413,135	464,946
Cost of sales	738,613	780,266	390,017	415,622
GROSS PROFIT	29,911	101,554	23,118	49,324
OPERATING EXPENSES				
Administrative and general	13,221	12,712	6,722	6,437
Selling and distribution	172	1,555	80	917
	13,393	14,267	6,802	7,354
OPERATING PROFIT	16,518	87,287	16,316	41,970
Financial charges	17,418	26,151	10,182	15,038
Other charges	18	4,219	18	1,859
	(918)	56,917	6,116	25,073
Other income	1,154	18	698	18
PROFIT BEFORE TAXATION	236	56,935	6,814	25,091
TAXATION:				
-Current	7,723	1,273	4,153	(2,940)
-Prior	(687)	50	(687)	50
-Deferred	(7,641)	18,310	(5,361)	17,250
	(605)	19,633	(1,895)	14,360
PROFIT AFTER TAXATION	841	37,302	8,709	10,731
BASIC EARNING PER SHARE				
- Rupees	0.28	12.43	2.90	3.58

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, 2011

	(RUPEES IN THOUSAND)			
	For the Half year ended		For the Quarter ended	
	Jul.-Dec. 2011	Jul.-Dec. 2010	Oct.-Dec. 2011	Oct.-Dec. 2010
PROFIT AFTER TAXATION	841	37,302	8,709	10,731
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>841</u>	<u>37,302</u>	<u>8,709</u>	<u>10,731</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, 2011

	(RUPEES IN THOUSAND)	
	Dec. 31, 2011	Dec. 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	236	56,935
Adjustments for:		
Depreciation	13,345	13,187
Profit on sale of fixed assets	(1,154)	-
Financial charges	17,418	26,151
Workers' profit participation fund	12	3,057
Workers' welfare fund	6	1,162
Amortization of financial liability	1,123	-
Operating profit before working capital changes	30,986	100,492
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Stores and spares	6,286	(9,105)
Stock in trade	(142,390)	(182,452)
Trade debts	(32,885)	(68,685)
Loans and advances	(121)	(8,720)
Trade deposits, prepayments and other receivables	3,355	11,091
	(165,755)	(257,871)
Increase / (decrease) in current liabilities		
Trade and other payables	28,929	64,312
	28,929	64,312
Cash (utilized in) operations	(105,840)	(93,067)
Financial charges paid	(16,146)	(26,316)
Income tax paid	(4,193)	(8,752)
	(20,339)	(35,068)
Net cash (utilized in) operating activities	(126,179)	(128,135)



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2011	Dec. 31, 2010
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed capital expenditures	(6,030)	(13,273)
Capital work in progress	(6,113)	(4,825)
Sale proceeds of fixed assets	1,605	-
Net cash (out flow) from investing activities	(10,538)	(18,098)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long term loans - repayment	(16,267)	(9,048)
Short term borrowings (net)	153,468	156,309
Dividend paid	(901)	(477)
Net cash inflow from financing activities	136,300	146,784
NET (DECREASE) /INCREASE IN CASH & CASH EQUIVALENTS	(417)	551
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,361	3,126
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,944	3,677

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, 2011

(RUPEES IN THOUSAND)

	Share Capital	Revenue Reserve		TOTAL
	Issued, Subscribed & Paid up capital	General Reserve	Un-appropriated profit	
BALANCE AS AT JUNE 30,2010	30,000	60,000	41,152	131,152
Total comprehensive income				
Profit after taxation for the period ended December 31, 2010	-	-	37,302	37,302
Other comprehensive income	-	-	-	-
	-	-	37,302	37,302
Owner changes in equity				
Final Dividend for the year ended June 30, 2010 @Rs. 1.00 per share	-	-	(3,000)	(3,000)
BALANCE AS AT DECEMBER 31,2010	30,000	60,000	75,454	165,454
Total comprehensive income				
Profit after taxation for the period ended June 30, 2011	-	-	16,940	16,940
Other comprehensive income	-	-	-	-
	-	-	16,940	16,940
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

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, 2011

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. BASIS OF PREPARATION

This condensed interim financial information of the company for the six months period ended December 31, 2011 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, 2011 and 2010 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, 2011.

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, 2011, 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, 2011.



Shadab Textile Mills Limited

5. PROPERTY, PLANT AND EQUIPMENT

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

	<u>(RUPEES IN THOUSAND)</u>	
	<u>Dec. 31, 2011</u>	<u>Jun. 30, 2011</u>
Opening net book value	258,062	251,650
<u>Additions during the period/ year</u>		
Building on freehold land	-	7,314
Plant and machinery	2,461	23,183
Vehicles	3,569	2,852
Office equipments	-	80
	6,030	33,429
<u>Disposals during the period/ year</u>		
Plant and machinery	282	-
Vehicles	169	-
	451	-
Depreciation charged thereon	13,345	27,017
Closing net book value	<u>250,296</u>	<u>258,062</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs.14.487 million (June 30, 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 amounted to Rs.15.285 million (June 30, 2011 : Rs.Nil) and for non capital expenditures amounted to Rs.17.906 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. 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, 2011.

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 27,2012.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)
Chief Executive Officer

(Mian Farrukh Naseem)
Director