



HALF YEARLY REPORT

December 31, 2016

(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. Yasir Naseem Mr. Hamza Naseem Mrs. Fatima Aamir Mrs. Hina Farrukh	Chief Executive Chairman
AUDIT COMMITTEE	Mian Farrukh Naseem Mr. Hamza Naseem Mrs. Hina Farrukh	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Aamir Naseem Mr. Hamza Naseem	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Mazhar Hussain	
COMPANY SECRETARY	Mr. Mazhar Hussain	
AUDITORS	M/s. Fazal Mehmood & 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: No. 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, 2016 reviewed by the auditors of the Company.

During the period under review, the Company earned pretax tax profit of Rs.10.782 million as compared to pretax tax profit of Rs.12.053 million of the corresponding period of previous year. Sales were made amounting to Rs. 1,004.060 million as compared to previous half year sales of Rs. 911.171 million showing increase of Rs. 92.889 million. Due to continuous supply of energy to the textile sector your Company saved its production losses and produced more yarn as compared to the corresponding period of previous half year. Earning per share is Rs.3.48 as compared to Rs.2.26 per share.

The financial results of the 2nd quarter slightly affected over the 1st quarter mainly due to high prices of Furnace Oil resulting increase in energy cost. Raw material prices i.e Cotton, Polyester & Viscose displayed upward trend during the period under review.

The management is continuously making efforts to make BMR of the existing facilities and take new investment initiative to cope with regional competitors in technology related advantage through own sources. The Company has strategic plan to diversify its product line, addition of new qualities and blends of yarn and improvement in production capacity to compete with other spinning units.

Meanwhile, the government has taken steps for the revival of textile industry by withdrawing import duty on cotton & viscose fibre. Further, proportionately Sui Northern Gas Pipe Lines Limited is giving rebate on total RLNG bill which is 28% of the sanctioned load at natural gas rate on the instruction of government. 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 24, 2017



ڈائریکٹرز رپورٹ

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی ششماہی تختہ 31 دسمبر 2016، کمپنی کے ڈائریکٹرز کی نظر ثانی کے بعد، آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت کمپنی نے ٹیکس ادا کرنے سے پہلے 10.782 ملین روپے کا منافع حاصل کیا ہے جو گزشتہ سال اسی مدت کے لیے 12.053 ملین روپے تھا۔ اس ششماہی میں سیکڑ کی مجموعی رقم 1,004.06 ملین روپے ہے جو گزشتہ سال کی ششماہی سیکڑ کی رقم 911.17 ملین روپے سے 92.889 ملین روپے زیادہ ہے۔ ٹیکسٹائل کی صنعت کو توانائی کی مسلسل فراہمی سے فائدہ اٹھاتے ہوئے آپ کی کمپنی نے پیداواری خسارہ میں بچت کے ساتھ گزشتہ سال کے مقابلے میں زیادہ دھاگہ تیار کیا ہے۔

پہلی سہ ماہی کی نسبت دوسری سہ ماہی میں مالی نتائج قدرے اثر انداز ہوا ہے۔ یہ کمی فرنس آئل کی قیمتوں میں زیادتی کی وجہ سے توانائی کی قیمت میں اضافہ ہوا ہے۔ اس زیر جائزہ مدت کے دوران خام مال جیسے روئی، پولیسٹر، و سکوڑ کی قیمتوں میں اضافہ رہا۔

انتظامیہ موجودہ ہولیات کی بی ایم آر بڑھانے اور علاقائی حریفوں سے ٹھنڈے کیلئے اپنے وسائل کے ذریعے مفید ٹیکنالوجی میں نئی سرمایہ کاری کرنے کی مسلسل کوششیں کر رہی ہے۔ کمپنی دیگر سہنگ یونٹوں کے ساتھ مقابلہ کرنے کے لیے اپنی مصنوعات کی لائن کو متنوع کرنے، دھاگے کی نئی خصوصیات اور بلینڈز کا اضافہ اور پیداواری صلاحیت کو بہتر بنانے کی حکمت عملی کا منصوبہ رکھتی ہے۔

دریں اثناء ٹیکسٹائل صنعت کی بہتری کے لیے حکومتی اقدامات کیے گئے ہیں جن میں روئی اور و سکوڑ فابری کی درآمدی پروڈیوٹی اٹھائی گئی ہے۔ آگے حکومت کی ہدایات پر سوئی ناردرن گیس پائپ لائنز لمیٹڈ نے RLNG کے کل بل پر منظور شدہ لوڈ میں سے 28 فیصد قدرتی گیس کے ریٹ کی صورت میں چھوٹ دی ہے۔ ہم پُر امید ہیں کہ اگر حکومت نے ٹیکسٹائل کی صنعت کی حمایت کو جاری رکھا تو یہ صنعت اک بار پھر عروج پائے گی۔

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتھک کوششوں کا شکر گزار ہے۔

منجانب بورڈ

Aamir Naseem

میاں عامر نسیم
چیف ایگزیکٹو

لاہور، 24 فروری 2017ء



Shadab Textile Mills Limited

AUDITORS' REPORT TO THE MEMBERS

ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of SHADAB TEXTILE MILLS LIMITED ("the Company") as at December 31, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with selected explanatory notes forming part thereof for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements 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 the condensed interim financial statements 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 statements are not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2016.

Date: February 24, 2017
Place: Lahore

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood



Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET (UN-AUTIDED) AS AT DECEMBER 31, 2016

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2016 (Un-audited)	Jun. 30, 2016 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	362,324	381,570
Long term deposits		<u>2,387</u>	<u>2,387</u>
		364,711	383,957
CURRENT ASSETS			
Short term investment		445	-
Stores, spares and loose tools		37,865	41,220
Stock in trade		161,401	126,138
Trade debts		89,098	78,850
Loans and advances		5,140	4,414
Trade deposits and prepayments		40,593	55,563
Other receivables		5,640	261
Cash and bank balances		<u>29,393</u>	<u>26,834</u>
		369,575	333,280
TOTAL ASSETS		<u>734,286</u>	<u>717,237</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>360,630</u>	<u>363,327</u>
TOTAL EQUITY		<u>390,630</u>	<u>393,327</u>
NON - CURRENT LIABILITIES			
Long term financing		<u>11,333</u>	<u>17,000</u>
Deferred liabilities		<u>38,433</u>	<u>47,039</u>
		49,766	64,039
CURRENT LIABILITIES			
Trade and other payables		<u>172,797</u>	<u>160,707</u>
Accrued mark up		1,676	1,261
Short term borrowings		99,120	69,869
Current portion of long term loan		11,333	11,333
Provision for taxation		<u>8,964</u>	<u>16,701</u>
		293,890	259,871
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>734,286</u>	<u>717,237</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, 2016

(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2016	Jul.-Dec. 2015	Oct.-Dec. 2016	Oct.-Dec. 2015
Sales- net	1,004,060	911,171	516,977	474,242
Cost of sales	<u>963,199</u>	<u>871,269</u>	<u>499,703</u>	<u>442,716</u>
GROSS PROFIT	40,861	39,902	17,274	31,526
Distribution and selling expenses	<u>1,975</u>	<u>324</u>	<u>1,004</u>	<u>168</u>
Administrative expenses	<u>22,782</u>	<u>20,070</u>	<u>11,371</u>	<u>10,073</u>
Other expenses	<u>798</u>	<u>893</u>	<u>180</u>	<u>893</u>
	<u>25,555</u>	<u>21,287</u>	<u>12,555</u>	<u>11,134</u>
	15,306	18,615	4,719	20,392
Other income	<u>428</u>	<u>856</u>	<u>428</u>	<u>840</u>
PROFIT FROM OPERATIONS	15,734	19,471	5,147	21,232
Finance cost	<u>4,952</u>	<u>7,418</u>	<u>2,697</u>	<u>3,859</u>
PROFIT BEFORE TAXATION	10,782	12,053	2,450	17,373
TAXATION:				
- Current	<u>8,964</u>	<u>9,112</u>	<u>4,220</u>	<u>4,741</u>
- Prior	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
- Deferred	<u>(8,606)</u>	<u>(3,853)</u>	<u>(8,606)</u>	<u>(3,853)</u>
	357	5,259	(4,387)	888
PROFIT AFTER TAXATION	<u>10,425</u>	<u>6,794</u>	<u>6,837</u>	<u>16,485</u>
Basic and diluted earning per share - (Rupees)	<u>3.48</u>	<u>2.26</u>	<u>2.28</u>	<u>5.50</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, 2016

(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2016	Jul.-Dec. 2015	Oct.-Dec. 2016	Oct.-Dec. 2015
PROFIT AFTER TAXATION	10,425	6,794	6,837	16,485
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>10,425</u>	<u>6,794</u>	<u>6,837</u>	<u>16,485</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, 2016


	(RUPEES IN THOUSAND)	
	Dec. 31, 2016	Dec. 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,782	12,053
Adjustments for:		
Depreciation	19,278	20,189
Finance cost	4,952	7,418
Workers' profit participation fund	578	647
Workers' welfare fund	220	246
Profit on sale of fixed assets	(290)	(16)
Operating profit before working capital changes	35,520	40,537
Adjustments for working capital changes:		
(Increase) / decrease in current assets		
Short term investment	(445)	-
Stores, spares and loose tools	3,355	(1,426)
Stock-in-trade	(35,263)	(8,991)
Trade debts	(10,248)	(12,068)
Loans and advances	(726)	(138)
Trade deposits and prepayments	6,767	(22,711)
Other receivables	(5,379)	1,712
	(41,939)	(43,622)
Increase in current liabilities		
Trade and other payables	9,994	10,428
Cash generated from operations	3,575	7,343
Finance cost paid	(4,538)	(7,374)
Income tax paid	(8,498)	(6,461)
	(13,036)	(13,835)
Net cash (used in) operating activities	(9,461)	(6,492)



Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Dec. 31, 2016	Dec. 31, 2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for fixed capital expenditure	(11,292)	(4,139)
Long term deposits	-	(3)
Proceeds from disposal of operating fixed assets	11,550	23
Net cash generated / (used in) from investing activities	258	(4,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment against long term loans	(5,667)	-
Proceeds from short term borrowings (net)	29,251	17,503
Dividend paid	(11,822)	(5,489)
Net cash generated from financing activities	11,762	12,014
NET CASH GENERATED DURING THE PERIOD	2,559	1,403
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	26,834	18,239
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29,393	19,642

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, 2016

(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, 2015	30,000	260,000	80,720	370,720
Total comprehensive income				
Profit after taxation for the period ended December 31, 2015	-	-	6,794	6,794
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
Total comprehensive income				
Profit after taxation for the period ended June 30, 2016	-	-	26,013	26,013
Balance as at June 30, 2016	30,000	260,000	103,327	393,327
Total comprehensive income				
Profit after taxation for the period ended December 31, 2016	-	-	10,425	10,425
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	10,425	10,425
Transaction with owners				
Final Dividend for the year ended June 30, 2016 @Rs. 4.37 per share	-	-	(13,122)	(13,122)
Balance as at December 31, 2016	30,000	260,000	100,630	390,630

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, 2016

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, 2016 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, 2016 and 2015 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, 2016.

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, 2016, 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 judgments 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, 2016.



Shadab Textile Mills Limited

(RUPEES IN THOUSAND)

	Dec. 31, 2016	Jun. 30, 2016
5. <u>PROPERTY, PLANT AND EQUIPMENT</u>		
Operating fixed assets		
Opening net book value	381,570	396,246
Additions during the period/ year		
Plant and machinery	10,768	19,153
Vehicles	-	7,142
Office equipment	524	-
	11,292	26,295
Disposals during the period/ year		
Plant and machinery	(11,260)	-
Vehicles	-	(25)
	(11,260)	(25)
Depreciation charged thereon	19,278	40,946
Closing net book value	<u>362,324</u>	<u>381,570</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs. 25.000 million (June 30, 2016 : Rs. 14.000 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. 12.661 (June 30, 2016: Rs.21.250 million).

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company sold to associated undertaking goods / material of aggregate sum of Rs. Nil (June 30, 2016 : Rs. 4.201 million) and purchased from associated undertaking material of aggregate sum of Rs. 3.845 million (June 30, 2016 : Rs. 37.636 million) during the period, charged rent during the period of Rs. Nil (June 30, 2016: Rs. 1.260 million). The maximum aggregate amount due from associated undertaking at the end of any month during the period was Rs.5.946 million (June 30, 2016 : Rs. 5.946).

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, 2016.

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 24, 2017.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director