



HALF YEARLY REPORT

December 31, 2017 (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 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, 2017 reviewed by the auditors of the Company.

During the period under review, the Company earned profit after tax of Rs.8.418 million as compared to profit after tax of Rs.10.425 million of the corresponding period of previous year. Sales were made amounting to Rs. 1,101.823 million as compared to previous half year sales of Rs. 1,004.060 million showing increase of Rs. 97.763 million. Earning per share is Rs.2.81 as compared to Rs.3.48 per share.

The financial results of the 2nd quarter affected over the 1st quarter mainly due to high prices of Furnace Oil, Further Sui Northern Gas Pipelines Limited has withdrawn rebate on total RLNG bill which is 28% of the sanction load at natural gas on the instruction of government, devaluation in Pak Rupees, resulting increase in energy cost. Raw material prices i.e Cotton, Polyester & Viscose displayed upward trend while declining trend in yarn prices in export and local market during the period under review and unstable political situation of the country is continuously jeopardizing the economic circumstances.

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. The proposal for import of 01 Gas Generator Set – 2000 EKW for the value of Rs. 65.000 million is in process under BMR program.

However, the management is striving hard to achieve the better results by improving performance of mills in terms of production, yield, quality and utilization of installed capacity within the available facilities.

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)

MIAN FARRUKH NASEEM
(Director)

Lahore: February 26, 2018



ڈائریکٹر ز رپورٹ

محترم حصص یافتگان،

ہم نہایت مسرت کے ساتھ کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی ششماہی ختمہ 31 دسمبر 2017، کمپنی کے آڈیٹران کی نظر ثانی کے بعد آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر مدت کمپنی نے ٹیکس ادا کرنے کے بعد 8.418 ملین روپے کا منافع حاصل کیا ہے جو گزشتہ برس اسی مدت کے لیے 10.425 ملین روپے تھا۔ اس ششماہی میں بیلز کی مجموعی رقم 1,101.823 ملین روپے ہے جو گزشتہ سال کی ششماہی بیلز کی رقم 1,004.060 ملین روپے سے 97.763 ملین روپے زیادہ ہے۔ فی شیئر آمدنی گزشتہ ششماہی 3.48 روپے شیئر کے مقابلے میں 2.81 روپے فی شیئر ہے۔

پہلی سہ ماہی کی نسبت دوسری سہ ماہی میں مالی نتائج اثر انداز ہوا ہے۔ بنیادی طور پر یہ کمی فرنس آئل کی قیمتوں میں زیادتی، آگے حکومت کی ہدایت پر سوئی نوردرن گیس پائپ لائن لمیٹڈ نے نکل بل پر منظور شدہ لوڈ میں سے 28% قدرتی گیس کے ریٹ کے صورت میں چھوٹ کو واپس لے لیا ہے، پاکستانی کرنسی میں کمی، نتیجے میں توانائی کی لاگت میں اضافہ ہوا۔ اس زیر جائزہ مدت کے دوران خام مال جیسے روٹی، پولیسٹر، وکلو کی قیمتوں میں اضافہ رہا جبکہ برآمد اور مقامی مارکیٹ میں دھاگے کی قیمتوں میں کمی کارخانہ اور ملک کی غیر مستحکم سیاسی صورتحال کو اقتصادی حالات میں مسلسل خطرے سے دو چار کیا ہے۔

کمپنی میں اسٹریٹجک منصوبہ یہ ہے کہ اس کی مصنوعات کی لائن، نئی خصوصیات کے علاوہ اور دھاگے کا مرکب اور دیگر سپننگ یونٹس کے ساتھ مقابلہ کرنے کے لیے پیداواری صلاحیت میں بہتری پیدا ہو۔ 01 عدد گیس جز بیٹریٹ EKW-2000 کی درآمد کے لیے تجویز جس کی مالیت 65.000 ملین روپے BMR پروگرام کے تحت عمل میں ہے۔

تاہم، انتظامیہ دستیاب سہولیات کے اندر نصب پیداواری صلاحیت، معیار اور استعمال کے لحاظ سے ملوں کی کارکردگی بہتر بنا کر اچھے نتائج حاصل کرنے کے لیے سخت کوشش کر رہی ہے

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)

میاں فرخ نسیم

(ڈائریکٹر)

لاہور: 26 فروری 2018ء



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, 2017, 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 the 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.

The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2017.

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.

Date: February 26, 2018
Place: Lahore

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Mohammad Imran Akhtar

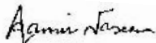



Shadab Textile Mills Limited

CONDENSED INTERIM BALANCE SHEET (UN-AUTIDED) AS AT DECEMBER 31, 2017

	NOTE	(RUPEES IN THOUSAND)	
		Dec. 31, 2017 (Un-audited)	Jun. 30, 2017 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	332,815	349,784
Assets subject to finance lease		9,756	8,124
Long term deposits		2,387	2,387
		<u>344,958</u>	<u>360,295</u>
CURRENT ASSETS			
Stores, spares and loose tools		44,696	43,806
Stock in trade		137,089	122,258
Trade debts		88,139	98,355
Loans and advances		8,668	5,140
Trade deposits and prepayments		38,479	65,268
Other receivables		17,030	12,317
Cash and bank balances		17,610	13,224
		<u>351,711</u>	<u>360,368</u>
TOTAL ASSETS		<u><u>696,669</u></u>	<u><u>720,663</u></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		30,000	30,000
Revenue reserves		369,974	369,146
TOTAL EQUITY		<u>399,974</u>	<u>399,146</u>
NON - CURRENT LIABILITIES			
Long term financing		-	5,667
Liabilities against assets subject to finance lease		5,359	4,875
Deferred liabilities		22,845	32,923
		<u>28,204</u>	<u>43,465</u>
CURRENT LIABILITIES			
Trade and other payables		194,646	166,378
Accrued mark up		378	929
Short term borrowings		46,064	78,210
Current portion of long term loan		13,845	13,264
Provision for taxation		13,558	19,271
		<u>268,491</u>	<u>278,052</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>696,669</u></u>	<u><u>720,663</u></u>

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

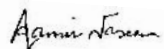
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

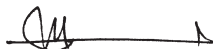
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2017


(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2017	Jul.-Dec. 2016	Oct.-Dec. 2017	Oct.-Dec. 2016
Sales- net	1,101,823	1,004,060	559,943	516,977
Cost of sales	<u>1,059,997</u>	<u>963,199</u>	<u>542,629</u>	<u>499,703</u>
GROSS PROFIT	41,826	40,861	17,314	17,274
Distribution and selling expenses	2,339	1,975	1,172	1,004
Administrative expenses	24,354	22,782	11,850	11,371
Other expenses	1,109	798	437	180
	<u>27,802</u>	<u>25,555</u>	<u>13,459</u>	<u>12,555</u>
	14,024	15,306	3,855	4,719
Other income	1,666	428	720	428
PROFIT FROM OPERATIONS	<u>15,690</u>	<u>15,734</u>	<u>4,575</u>	<u>5,147</u>
Finance cost	3,792	4,952	1,739	2,697
PROFIT BEFORE TAXATION	<u>11,898</u>	<u>10,782</u>	<u>2,836</u>	<u>2,450</u>
TAXATION:				
- Current	13,558	8,964	6,784	4,220
- Prior	-	(1)	-	(1)
- Deferred	(10,078)	(8,606)	(10,078)	(8,606)
	<u>3,480</u>	<u>357</u>	<u>(3,294)</u>	<u>(4,387)</u>
PROFIT AFTER TAXATION	<u>8,418</u>	<u>10,425</u>	<u>6,130</u>	<u>6,837</u>
Basic and diluted earning per share - (Rupees)	<u>2.81</u>	<u>3.48</u>	<u>2.04</u>	<u>2.28</u>

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director



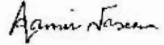
Shadab Textile Mills Limited


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE SIX MONTHS & QUARTER PERIOD ENDED DECEMBER 31, 2017


(RUPEES IN THOUSAND)

	Six months period ended		For the Quarter ended	
	Jul.-Dec. 2017	Jul.-Dec. 2016	Oct.-Dec. 2017	Oct.-Dec. 2016
PROFIT AFTER TAXATION	8,418	10,425	6,130	6,837
Other Comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>8,418</u>	<u>10,425</u>	<u>6,130</u>	<u>6,837</u>

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director



Shadab Textile Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

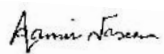
	(RUPEES IN THOUSAND)	
	Dec. 31, 2017	Dec. 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,898	10,782
Adjustments for:		
Depreciation	18,819	19,278
Finance cost	3,792	4,952
Workers' profit participation fund	645	578
Workers' welfare fund	245	220
Profit on sale of fixed assets	(1,630)	(290)
Operating profit before working capital changes	33,769	35,520
Adjustments for working capital changes: (Increase) / decrease in current assets		
Stores, spares and loose tools	(890)	3,355
Stock-in-trade	(14,831)	(35,263)
Trade debts	10,216	(10,693)
Loans and advances	(3,528)	(726)
Trade deposits and prepayments	20,410	6,767
Other receivables	(4,713)	(5,379)
	6,664	(41,939)
Increase in current liabilities		
Trade and other payables	28,017	9,994
Cash generated from operations	68,450	3,575
Finance cost paid	(4,343)	(4,538)
Income tax paid	(13,603)	(8,498)
	(17,946)	(13,036)
Net cash generated from / (used in) operating activities	50,504	(9,461)

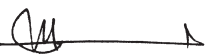


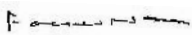
Shadab Textile Mills Limited

	(RUPEES IN THOUSAND)	
	Dec. 31, 2017	Dec. 31, 2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for fixed capital expenditure	(2,150)	(11,292)
Proceeds from disposal of operating fixed assets	2,965	11,550
Net cash generated from investing activities	815	258
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment against long term loans	(5,667)	(5,667)
Payment of lease liability - net	(1,602)	-
Proceeds from short term borrowings (net)	(32,146)	29,251
Dividend paid	(7,518)	(11,822)
Net cash (used in) /generated from financing activities	(46,933)	11,762
NET CASH GENERATED DURING THE PERIOD	4,386	2,559
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,224	26,834
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17,610	29,393

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director



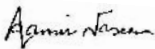
Shadab Textile Mills Limited

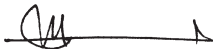
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

(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, 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
Total comprehensive income				
Profit after taxation for the period ended June 30, 2017	-	-	8,516	8,516
Balance as at June 30, 2017	30,000	260,000	109,146	399,146
Total comprehensive income				
Profit after taxation for the period ended December 31, 2017	-	-	8,418	8,418
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	8,418	8,418
Transaction with owners				
Final Dividend for the year ended June 30, 2017 @Rs. 2.53 per share	-	-	(7,590)	(7,590)
Balance as at December 31, 2017	30,000	260,000	109,974	399,974

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


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial 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, 2017

1. THE COMPANY AND ITS OPERATIONS

Shadab Textile Mills Limited ("the company") is a public limited company incorporated in Pakistan under the Companies Act, 2017 (now repealed Companies Ordinance, 1984) and is listed on the Pakistan Stock Exchange 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, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

During the previous year, the Companies Act 2017 ("the Act") was enacted on 30 May 2017 and replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan vide its Circular No. 17 and Circular No. 23 dated 20 July 2017 and 04 October 2017 respectively and Institute of Chartered Accountants of Pakistan vide its Circular No. 17 dated 06 October 2017, have advised and clarified that the Annual Financial Statements of the Companies whose financial year closes on or before 31 December 2017 and interim financial statements of the Companies for the period ended on or before 31 December 2017, shall be prepared in accordance with the repealed Ordinance.

The 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 repealed Companies Ordinance, 1984.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and 2016 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, 2017.

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, 2017, except for changes resulting from initial application of standards, amendments or interpretations to existing standards.



Shadab Textile Mills Limited

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, 2017.

		(RUPEES IN THOUSAND)	
		Dec. 31, 2017	Jun. 30, 2017
5.	<u>PROPERTY, PLANT AND EQUIPMENT</u>		
	Operating fixed assets		
	Opening net book value	349,784	381,570
	Additions during the period/ year		
	Building	-	6,451
	Plant and machinery	2,150	11,518
	Office equipment	-	524
		2,150	18,493
	Disposals during the period/ year		
	Plant and machinery	(1,335)	(11,260)
		(1,335)	(11,260)
	Depreciation charged thereon	17,784	39,019
	Closing net book value	<u>332,815</u>	<u>349,784</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Counter guarantees of Rs. 25.000 million (June 30, 2017 : Rs. 25.000 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. 33.027 million (June 30, 2017: Rs.26.634 million).



Shadab Textile Mills Limited

7. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

The company purchased from associated undertaking material of aggregate sum of Rs. 0.248 million (June 30, 2017 : Rs. 11.280 million) during the period. The maximum aggregate amount due to associated undertaking at the end of any month during the period was Rs.0.066 million (Due from June 30, 2017 : Rs. 0.216 million).

8. FINANCIAL RISK MANAGEMENT

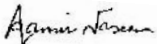
The company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the company as at and for the year ended June 30, 2017.

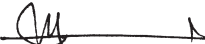
9. DATE OF AUTHORIZATION


This condensed interim financial information has been approved by the Board of Directors of the company and authorized for issue on February 26, 2018.

10. GENERAL

Figures have been rounded off to the nearest thousand rupees.


(Mian Aamir Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Mian Farrukh Naseem)
Director