



SHAMS TEXTILE MILLS LIMITED

QUARTERLY REPORT

September 30, 2013

(Un-Audited)



CONTENTS

1.	Company Information	4
2.	Directors' Report	5
3.	Balance Sheet	6-7
4.	Profit & Loss Account	8
5.	Statement of Comprehensive Income	9
6.	Cash Flow Statement	10
7.	Statement of Changes in Equity	11
8.	Notes to the accounts	12-15

COMPANY INFORMATION

Board of Directors

Muhammad Anwar	(Chairman)
Khalid Bashir	(Chief Executive)
Adil Bashir	
Amjad Mahmood	
Asif Bashir	
Muhammad Asif (Nominee:NIT)	
Nadeem Maqbool	

Chief Financial Officer

Farooq Ahmad

Audit Committee

Muhammad Anwar	(Chairman)
Asif Bashir	(Member)
Adil Bashir	(Member)
Khaleeqe Ahmad	Secretary)

Human Resource & Remuneration Committee

Amjad Mahmood	(Chairman)
Khalid Bashir	(Member)
Adil Bashir	(Member)

Share Registrar

Crescent Group (Pvt) Ltd.
306, 3rd Floor, Siddiq Trade Centre,
72 Main Boulevard, Gulberg,
Lahore

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
KASB Bank Limited
United Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore

Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@shams.com.pk
Web: www.shams.com.pk

Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab
3-KM, Faisalabad Road, Chiniot, Punjab

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the operating and financial performance of the company for the period ended 30 September 2013.

Financial Performance

The Company's sales increased to Rs 33.220 i.e. 2.75% over the corresponding period due to increase in prices.

The gross profit decreased by to 5.47% i.e. 7.64% Rs. 94.761 million (2012: 13.11% i.e. Rs. 158.259 million) of sales and net profit was Rs 35.168 million i.e. 2.83% of sales (2012: Rs. 83.079 million i.e. 6.88%).

The debt equity ratio was 18:82 and the Current Ratio improved to 1.24 during the period. The EPS stood at Rs 4.07 as compared to Rs 9.62 in the corresponding period.

In the period under review energy cost increased by 29.6 % compared to last corresponding period. The cotton cost increased by over Rs. 1000 compared to the corresponding period. Due to non-availability of gas and electricity, our manufacturing facilities were severely affected in terms of production and operating costs. But we tried our best to curtail these costs.

Future Outlook

The cotton prices have reached a record high level although in is just the beginning of the season. We don't have any high hope for the coming season unless cotton prices come to a realistic level.

The next quarter however will be challenging as the gas availability to the industry will further deteriorate and the grid supply is also unreliable. The performance of the company will be highly dependent on the availability of gas and electricity during the period.

The management continues to maintain its efforts towards efficiency, higher productivity and cost controls. We hope that with these efforts we will be able to produce better results and maximize our return to the shareholders.

Acknowledgements

On behalf of the Board of Directors, I would take this opportunity to thank all our partners for their continued support and especially thank the employees who have worked very hard throughout the year.

For & On behalf of Board of Directors

Khalid Bashir
Chief Executive

October 30, 2013
Lahore

CONDENSED INTERIM BALANCE SHEET

As At September 30, 2013

	Un Audited September 30, 2013	Audited June 30, 2013
	Note	(Rupees in thousands)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
25,000,000 (30 June 2013: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid up share capital		
8,640,000 (30 June 2013: 8,640,000) ordinary shares of Rupees 10 each	86,400	86,400
Reserves	810,403	773,124
Total equity	896,803	859,524
NON-CURRENT LIABILITIES		
Long term financing	5 200,989	114,271
Deferred income tax liability	9,238	9,238
	210,227	123,509
CURRENT LIABILITIES		
Trade and other payables	452,138	406,071
Accrued mark-up	5,689	8,024
Short term borrowings	34,405	197,758
Current portion of long term financing	6 48,127	29,845
	540,359	641,698
Total liabilities	750,586	765,207
CONTINGENCIES AND COMMITMENTS	7 -	-
TOTAL EQUITY AND LIABILITIES	1,647,389	1,624,731

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

Chief Executive

	Un Audited September 30, 2013	Audited June 30, 2013	
Note	(Rupees in thousands)		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	978,304	853,289
Long term security deposits		1,576	1,576
		979,880	854,865
CURRENT ASSETS			
Stores, spare parts and loose tools	68,269	80,311	
Stock-in-trade	311,848	379,862	
Trade debts	170,017	191,206	
Advances	6,251	6,899	
Short term prepayments	176	-	
Other receivables	340	963	
Short term investments	38,728	36,617	
Sales tax refundable	26,813	32,882	
Taxation - net	40,823	33,563	
Cash and bank balances	4,244	7,563	
	667,509	769,866	
TOTAL ASSETS	1,647,389	1,624,731	

Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-Audited)
For The Period Ended September 30, 2013

	Note	September 30, 2013 (Rupees in thousands)	September 30, 2012
SALES	9	1,240,084	1,206,864
COST OF SALES	10	(1,145,323)	(1,048,605)
GROSS PROFIT		94,761	158,259
DISTRIBUTION COST		(27,673)	(27,616)
ADMINISTRATIVE EXPENSES		(12,597)	(11,304)
OTHER EXPENSES		(3,568)	(17,462)
		(43,838)	(56,382)
		50,923	101,877
OTHER INCOME		3,884	3,188
PROFIT FROM OPERATIONS		54,807	105,065
FINANCE COST		(7,238)	(12,353)
PROFIT BEFORE TAXATION		47,569	92,712
TAXATION		(12,401)	(9,633)
PROFIT AFTER TAXATION		35,168	83,079
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)		4.07	9.62

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (Un-audited)

For The Period Ended September 30, 2013

	September 30, 2013	September 30, 2012
	(Rupees in thousands)	
PROFIT AFTER TAXATION	35,168	83,079
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments	2,111	1,641
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	37,279	84,720

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)
For The Period Ended September 30, 2013

	September 30, 2013	September 30, 2012
	Note	
	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	11	227,111
		361,887
Finance cost paid		(9,544)
Income tax paid		(19,661)
		(29,205)
		(37,302)
Net cash generated from operating activities		197,906
		324,585
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(142,872)
Proceeds from sale of property, plant and equipment		-
		(69,864)
		6,000
Net cash used in investing activities		(142,872)
		(63,864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing		-
Proceeds from long term financing		105,000
Short term borrowings - net		(163,353)
		(24,065)
		92,509
		(325,868)
Net cash used in financing activities		(58,353)
		(257,424)
Net decrease / (increase) in cash and cash equivalents		(3,319)
		3,297
Cash and cash equivalents at the beginning of the year		7,563
		4,339
Cash and cash equivalents at the end of the period		4,244
		7,636

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
For The Period Ended September 30, 2013

	SHARE CAPITAL	Reserves						TOTAL EQUITY
		Capital			Revenue			
		Premium on issue of right shares	Fair value reserve	Sub Total	General reserve	Accumulated profit/(loss)	Sub total	
(Rupees in thousands)								
Balance as on 01 July 2012 (audited)	86,400	86,400	6,240	92,640	345,000	53,306	398,306	490,946
Profit for the period ended 30 September 2012	-	-	-	-	-	83,079	83,079	83,079
Other comprehensive income for the period ended 30 September 2012	-	-	1,641	1,641	-	-	-	1,641
Balance as at 30 September 2012 (un-audited)	86,400	86,400	7,881	94,281	345,000	136,385	481,385	575,666
Profit for the nine months ended 30 June 2013	-	-	-	-	-	190,245	190,245	190,245
Other comprehensive income for the nine months ended 30 June 2013	-	-	7,213	7,213	-	-	-	7,213
Balance as at 30 June 2013 (audited)	86,400	86,400	15,094	101,494	345,000	326,630	671,630	773,124
Profit for the period ended 30 September 2013	-	-	-	-	-	35,168	35,168	35,168
Other comprehensive income for the period ended 30 September 2013	-	-	2,111	2,111	-	-	-	2,111
Balance as at 30 September 2013 (un-audited)	86,400	86,400	17,205	103,605	345,000	361,798	706,798	810,403

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

Chief Executive

Director

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**
For The Period Ended September 30, 2013

1. THE COMPANY AND ITS OPERATIONS

Shams Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The company is engaged in the business of manufacturing, sale and trading of yarn.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders, as required by Section 245 of the Companies Ordinance, 1984. This condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the company for the year ended 30 June 2013.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 June 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2013.

	Unaudited September 30, 2013	Audited June 30, 2013
	(Rupees in thousands)	

5. LONG TERM FINANCING

Secured

Opening balance	144,116	150,672
Add: Loan received during the period	105,000	92,509
Less: Repaid during the period / year	-	99,065
Closing balance	249,116	144,116
Less: Current portion shown under current liabilities	48,127	29,845
	200,989	114,271

6. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing	48,127	29,845
	48,127	29,845

7. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) Bank guarantees of Rupees 45.037 million (30 June 2013: Rupees 45.037 million) is given by the banks of the company in favour of Sui Northern Gas Pipelines Limited against gas connections and Lahore Electric Supply Company Limited (LESCO) against electricity Connection.

Commitments

- i) Contracts for capital expenditures amounted to Rupees 235.589 million (30 June 2013: Rupees 339.027 million).

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
For The Period Ended September 30, 2013

	Unaudited September 30, 2013 (Rupees in thousands)	Audited June 30, 2013
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 8.1)	751,248	747,367
Capital work in progress (Note 8.2)	227,056	105,922
	978,304	853,289
8.1 Operating fixed assets - owned		
Opening book value	747,367	725,831
Add: Cost of additions during the period / year (Note 8.1.1)	21,709	103,491
	769,076	829,322
Less: Book value of deletions during the period / year (Note 8.1.2)	-	8,948
	769,076	820,374
Less: Depreciation charge during the period / year	17,828	73,007
	751,248	747,367
8.1.1 Cost of additions		
Plant and machinery	21,709	82,766
Electric and sui gas installation	-	16,130
Vehicles	-	4,595
	21,709	103,491
8.1.2 Book value of deletions		
Plant and machinery	-	8,700
Vehicles	-	248
	-	8,948
8.2 Capital work in progress		
Building	92,429	60,893
Plant and machinery	90,372	774
Advance against office premises	44,255	44,255
	227,056	105,922
	Unaudited September 30, 2013 (Rupees in thousands)	Unaudited September 30, 2012
9. SALES		
Export	279,455	435,458
Local	960,629	771,406
	1,240,084	1,206,864

SHAMS TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
For The Period Ended September 30, 2013

	Unaudited	Unaudited
	September	September
	30, 2013	30, 2012
	(Rupees in thousands)	

10. COST OF SALES

Raw materials consumed	896,055	780,163
Salaries, wages and other benefits	66,600	64,822
Stores, spare parts and loose tools	26,151	20,189
Packing material consumed	16,967	15,879
Repair and maintenance	8,169	7,798
Fuel and power	134,626	103,878
Insurance	1,614	2,283
Other factory overheads	2,548	1,735
Depreciation	16,971	16,162
	1,169,701	1,012,909
Work-in-process		
Opening stock	29,461	24,089
Closing stock	(27,017)	(21,616)
	2,444	2,473
Cost of goods manufactured	1,172,145	1,015,382
Finished goods		
Opening stock	142,562	163,981
Closing stock	(169,384)	(130,758)
	(26,822)	33,223
Cost of sales	1,145,323	1,048,605

11. CASH GENERATED FROM OPERATIONS

Profit before taxation	47,569	92,712
Adjustments for non-cash charges and other items:		
Depreciation	17,828	16,987
Gain on sale of property, plant and equipment	-	(2,172)
Impairment loss on Investment	-	77
Finance cost	7,238	12,353
Working capital changes (Note 11.1)	154,476	241,930
	227,111	361,887

11.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	12,042	(1,542)
- Stock in trade	68,014	188,879
- Trade debts	21,189	12,907
- Loans and advances	648	8,092
- Short term deposits and prepayments	(176)	-
- Other receivables	623	(179)
- Refunds due from the Government	6,069	(6,387)
	108,409	201,770
Increase in trade and other payables	46,067	40,160
	154,476	241,930

12. TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)
For The Period Ended September 30, 2013

	Unaudited September 30, 2013	Unaudited September 30, 2012
	(Rupees in thousands)	
Associated Companies		
Sale of goods	250,357	31,910
Purchase of goods and services	3,477	43
Electricity purchase	12,912	21,842
Purchase of Tangible fixed assets	3,000	-
Insurance premium	6,909	10,223
Other related parties		
Contribution to provident fund	1,135	1,038

13. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2013.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 30 October 2013.

15. CORRESPONDING FIGURES

Comparative figures have been re-arranged / regrouped wherever necessary for the purpose of comparison. However, no significant rearrangement / regroupings have been made.

16. GENERAL

Figures have been rounded off to nearest thousand of Rupees.

Chief Executive

Director



BOOK POST

Shams Textile Mills Limited
7-B-3, Aziz Avenue, Gulberg 5
Lahore Pakistan
T: 92 (42) 3576 0381
F: 92 (42) 3576 0376
E: info@shams.com.pk

www.shams.com.pk

Grace Printing Press 0334-067074

