

**SHAHTAJ**



**TEXTILE**

*Condensed Interim  
Financial Information  
for the six-month period ended  
December 31, 2011*

**Shahtaj Textile Limited**

# Shahtaj Textile Limited

## CONTENTS

➤ COMPANY INFORMAITON	3
<hr/>	
➤ DIRECTORS' REPORT TO THE SHAREHOLDERS	4
<hr/>	
➤ AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMAITON	5
<hr/>	
➤ CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31, 2011	6
<hr/>	
➤ CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011	7
<hr/>	
➤ CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011	8
<hr/>	
➤ CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011	8
<hr/>	
➤ SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011	8
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# Shahtaj Textile Limited

## COMPANY INFORMATION

<b>BOARD OF DIRECTOR</b>	Mr. Muneer Nawaz Mr. M. Naeem Mr. Mahmood Nawaz Mr. C.M. Khalid Mr. Farooq Hassan (NIT) Mr. Toqueer Nawaz Mrs. Sadia Mohammad Lt. Col. (Retd.) R.D. Shams	Chairman Chief Executive
<b>COMPANY SECRETARY</b>	Mr. Jamil Ahmad Butt, FCMA	
<b>AUDIT COMMITTEE OF THE BOARD</b>	Mr. Muneer Nawaz Mr. Mahmood Nawaz Mr. C.M. Khalid Syed Muhammad Farooq	Chairman Member Member Secretary
<b>AUDITORS</b>	M. Yousuf Adil Saleem & Co. Chartered Accountants. Cavish Court, A-35, Block 7 & 8 KCHS, Shahrah-e-Faisal, Karachi 75350.	
<b>BANKS</b>	Habib Bank Limited MCB Bank Limited The Bank of Punjab United Bank Limited HSBC Bank Middle East Limited Faysal Bank Limited Bank Alfalah Limited Standard Chartered Bank (Pakistan) Limited	
<b>LEGAL ADVISOR</b>	Mr. Ras Tariq Chaudhary 30-Mall Mansion The Mall Lahore.	
<b>HEAD OFFICE</b>	Shahnawaz Building, 19-Dockyard Road, West Wharf, Karachi-74000 Ph: 32313934-8, 32312834, 32310973 Fax: 32205723, 32310623 Website: www.shahtaj.com	
<b>REGISTERED OFFICE</b>	100-B/3, M. M. Alam Road, Gulberg-III, Lahore-54660 Tel: (042) 35772991-3 Fax: (042) 35772999	
<b>MARKETING OFFICE</b>	House # 02, Block-L, Johar Town, Lahore Pakistan-54000 Ph: (042) 35313891-93 Fax: (042) 35313894	
<b>FACTORY</b>	46 K.M. Lahore/Multan Road Chunian Industrial Estate Bhai Pheru, Distt. Kasur, Punjab. Ph: (049) 4540430-32, 4540133, 4540232, 4540234	
<b>SHARE REGISTRAR</b>	Corporate Support Services (Pvt.) Limited Suite # 407,408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Near Passport Office, Saddar Karachi. Tel: 35662023-24 Fax: 35221192	

# Shahtaj Textile Limited

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Directors are pleased to present unaudited Financial Statements of the Company for the half year ended 31st December, 2011. These statements are un-audited but have been reviewed by the External Auditors and their review report to the Members is annexed.

By the grace of God Almighty operating results of this period have been positive. Sale crossed rupees two billion mark. Company earned an after tax profit of Rs.55.594 million with an EPS of Rs.5.76. This profit however was less from the corresponding period.

The operating results for the quarter ended December, 2011 in comparison to the quarter ended September, 2011 highlight the negative impact of slow-down in the market conditions by way of reduced margins. No let up is in sight. Company is doing its best to combat this situation

As noted in our Annual Report the debt recovery cycle has escalated, thereby increase in the bank borrowings coupled with additional cost of long term loans has contributed to a significant increase in the financial charges.

Energy crisis have played havoc with the textile industry. The gas for power generation was finally made available to us this month, but only for two days in a week. It will therefore be a long time before the positive impact of this investment will reflect itself in the financial results.


The above conditions call for extraordinary efforts towards economy in production and additional marketing efforts. Your Company will strive hard to meet the challenge.

### Appreciation

Directors acknowledge with thanks the hard work put in by the employees of the Company.

for and on behalf of the Board of Directors

Karachi:  
February 25, 2012

  
( M. Naeem )  
Chief Executive

# Shahtaj Textile Limited

## AUDITORS' REPORT TO THE MEMBERSON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMAITON

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **SHAHTAJ TEXTILE LIMITED** (the Company) as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial information (here-in-after referred to as "condensed interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of the 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. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2011.

### 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-month period ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:  
February 25, 2012

*M. Yousuf Adil*


Chartered Accountants  
Nadeem Yousuf Adil  
Engagement partner


# Shahtaj Textile Limited

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

	December 31, 2011 (Unaudited)	June 30, 2011 (Audited)
Note	----- Rupees -----	-----
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised 10,000,000 Ordinary shares of Rs.10/-each	100,000,000	100,000,000
Issued, subscribed and paid-up 9,660,000 (June 30, 2011 : 9,660,000) ordinary shares of Rs. 10/- each	96,600,000	96,600,000
General reserve	420,000,000	270,000,000
Unappropriated profits	85,122,182	234,861,368
	<u>601,722,182</u>	<u>601,461,368</u>
<b>SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT - net of tax</b>	49,909,361	52,739,224
<b>NON - CURRENT LIABILITIES</b>		
Long-term financing	396,276,278	457,043,920
Deferred liabilities	111,397,998	112,485,183
	507,674,276	569,529,103
<b>CURRENT LIABILITIES</b>		
Trade and other payables	146,312,770	223,198,531
Interest accrued	36,891,072	33,027,906
Short-term borrowings	599,158,067	467,513,933
Current portion of long term financing	106,576,197	76,712,326
Taxation - net	4,510,343	-
	893,448,449	800,452,696
<b>CONTINGENCIES AND COMMITMENTS</b>	5	
	<u>2,052,754,268</u>	<u>2,024,182,391</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	844,064,081	859,040,643
Long-term loans	802,720	1,089,409
Long-term deposits	27,373,937	27,552,544
	872,240,738	887,682,596
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	57,293,413	46,655,123
Stock-in-trade	277,084,080	426,415,977
Trade debts	760,732,237	614,058,719
Loan and advances	32,281,932	19,545,895
Trade deposits and short-term prepayments	3,423,260	324,694
Interest accrued	2,951,080	487,519
Other receivables	1,767,006	2,262,546
Taxation - net	-	828,616
Sales tax refundable	16,136,759	11,546,712
Other financial assets	4,400,000	3,600,000
Cash and bank balances	24,443,763	10,773,994
	1,180,513,530	1,136,499,795
	<u>2,052,754,268</u>	<u>2,024,182,391</u>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

  
(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman


# Shahtaj Textile Limited

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

Note	Six-month period ended		Three-month period ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	Rupees			
Sales - net	2,117,277,133	1,821,154,912	986,779,202	930,183,490
Cost of goods sold	(1,913,418,441)	(1,644,928,808)	(910,069,444)	(863,416,276)
Gross profit	203,858,692	176,226,104	76,709,758	66,767,214
Other operating income	7,747,328	14,178,281	3,379,597	5,944,791
	211,606,020	190,404,385	80,089,355	72,712,005
Distribution cost	(22,563,287)	(8,249,346)	(13,445,844)	(5,143,591)
Administrative expenses	(26,363,666)	(22,976,429)	(15,141,383)	(12,547,702)
Other operating expenses	(6,482,097)	(7,633,054)	(1,331,512)	(2,058,053)
Finance cost	(68,735,629)	(47,954,101)	(32,204,843)	(24,593,331)
	(124,144,679)	(86,812,930)	(62,123,582)	(44,342,677)
Profit before taxation	87,461,341	103,591,455	17,965,773	28,369,328
Taxation	7 (31,867,330)	(27,144,575)	(7,543,881)	(1,606,554)
Profit after taxation	55,594,011	76,446,880	10,421,892	26,762,774
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>55,594,011</b>	<b>76,446,880</b>	<b>10,421,892</b>	<b>26,762,774</b>
Earnings per share - Basic and diluted	5.76	7.91	1.08	2.77

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

  
(M.NAEEM)  
Chief Executive


  
(MUNEER NAWAZ)  
Chairman

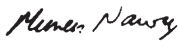
# Shahtaj Textile Limited

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

	Six-month period ended	
	December 31, 2011	December 31, 2010
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	87,461,341	103,591,455
<b>Adjustments for :</b>		
Depreciation	36,509,279	32,820,394
Interest income	(238,797)	-
Provision for gratuity and leave encashment	5,396,572	5,071,965
Gain on disposal of property, plant and equipment	(441,960)	-
Finance cost	68,735,629	47,777,209
Operating cash flows before movements in working capital	197,422,064	189,261,023
<b>Decrease / (increase) in current assets</b>		
Stores, spares and loose tools	(10,638,290)	(3,689,514)
Stock in trade	149,331,897	(82,421,114)
Trade debts	(146,673,518)	(187,580,642)
Loans and advances	(12,736,037)	(2,258,246)
Trade deposits and short term prepayments	(3,098,566)	(558,199)
Other financial assets	(800,000)	(400,000)
Other receivables	495,540	(212,780)
Sales tax refundable	(4,590,047)	5,747,427
<b>Decrease in current liabilities</b>		
Trade and other payables	(78,813,441)	65,334,328
Cash generated from operations	89,899,602	(16,777,717)
Gratuity and leave encashment paid	(3,712,528)	(6,000,899)
Interest paid	(64,872,463)	(43,554,255)
Income taxes paid	(29,502,664)	(23,870,601)
Net cash used in operating activities	(8,188,053)	(90,203,472)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchases of property, plant and equipment	(22,251,525)	(3,066,583)
Proceeds from disposal of property, plant and equipment	1,160,770	-
Long term loans	286,689	103,448
Long term deposits	178,607	(24,780,000)
Interest received	(2,224,764)	2,110,087
Net cash used in investing activities	(22,850,223)	(25,633,048)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term finance	(38,060,945)	(50,608,914)
Long-term finance obtained	7,157,174	4,713,000
Dividend paid	(56,032,318)	(42,078,203)
Net cash used in financing activities	(86,936,089)	(87,974,117)
<b>Net decrease in cash and cash equivalents</b>	(117,974,365)	(203,810,637)
<b>Cash and cash equivalents at the beginning of the period</b>	(456,739,939)	(386,743,206)
<b>Cash and cash equivalents at the end of the period</b>	(574,714,304)	(590,553,843)
<b>Cash and cash equivalents</b>		
Cash and bank balances	24,443,763	3,819,550
Short term borrowings	(599,158,067)	(594,373,393)
	(574,714,304)	(590,553,843)

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

  
(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman




# Shahtaj Textile Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

	Share capital		Revenue reserves	
	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	Total
	Rupees			
Balance as at July 01, 2010	96,600,000	200,000,000	137,737,511	434,337,511
<b>Comprehensive Income</b>				
Profit after taxation for the six month ended December 31, 2010	-	-	76,446,880	76,446,880
Other comprehensive income - net of tax	-	-	-	-
	-	-	76,446,880	76,446,880
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation (net of deferred tax)	-	-	2,674,766	2,674,766
Transferred to general reserves	-	70,000,000	(70,000,000)	-
<b>Transaction with owners</b>				
Final dividend for the year ended June 30, 2010 at Rs. 4.50 per share.	-	-	(43,470,426)	(43,470,426)
<b>Balance as at December 31, 2010</b>	<b>96,600,000</b>	<b>270,000,000</b>	<b>103,388,731</b>	<b>469,988,731</b>
<b>Balance as at July 01, 2011</b>	<b>96,600,000</b>	<b>270,000,000</b>	<b>234,861,368</b>	<b>601,461,368</b>
<b>Comprehensive Income</b>				
Profit after taxation for the six month ended December 31, 2011	-	-	55,594,011	55,594,011
Other comprehensive income - net of tax	-	-	-	-
	-	-	55,594,011	55,594,011
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation (net of deferred tax)	-	-	2,626,803	2,626,803
Transferred to general reserve	-	150,000,000	(150,000,000)	-
<b>Transaction with owners</b>				
Final dividend for the year ended June 30, 2011 at Rs. 6 per share.	-	-	(57,960,000)	(57,960,000)
<b>Balance as at December 31, 2011</b>	<b>96,600,000</b>	<b>420,000,000</b>	<b>85,122,182</b>	<b>601,722,182</b>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

  
(M.NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman

# Shahtaj Textile Limited

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

### 1. STATUS AND NATURE OF BUSINESS

1.1 Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the Companies Ordinance, 1984, as a public limited company. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges. The principal business of the Company is manufacturing and sale of textile goods. The registered office of the Company is situated at 100-B/3, M.M. Alam Road, Gulberg-3, Lahore-54660 in the province of Punjab, however, the Head Office is located at Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi - 74000.

### 2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the six-month period ended December 31, 2011 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 requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all of the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2011.

2.2 This condensed interim financial information has been prepared under 'historical cost convention' except certain items of plant and machinery which have been included at the revalued amounts.

2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest Rupee.

2.4 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2011, whereas comparative condensed profit and loss account, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial statement for the six month ended December 31, 2010.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information, are the same as those applied in the preparation of the published annual audited financial statements for the year ended June 30, 2011.

### 4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2011.

### 5. CONTINGENCIES AND COMMITMENTS

5.1 There has been no material change in the status of the contingencies as disclosed in annual financial statements for the year ended June 30, 2011 except for the following:

	December 31, 2011	June 30, 2011
	-----Rupees-----	
<b>5.2 Contingencies</b>		
Bills discounted not matured - customer's risk	278,399,492	420,359,584
<b>5.3 Commitments</b>		
Capital expenditure	37,981,021	13,401,895
Letters of credit other than for capital expenditure	4,010,266	4,027,140

### 6. PROPERTY, PLANT AND EQUIPMENT

6.1 Details of additions and disposals for the period are given below:

	Additions	Diposal (WDV)	Sale proceeds
	-----Rupees-----		
<b>December 31, 2011 (Unaudited)</b>			
Plant and machinery	583,000	-	-
Furniture and fixtures	13,300	-	-
Computer equipment	483,066	-	-
Vehicles	576,635	(718,810)	1,160,770
	<b>1,656,001</b>	<b>(718,810)</b>	<b>1,160,770</b>
<b>December 31, 2010 (Unaudited)</b>			
Factory building	668,941	-	-
Plant and machinery	32,853,716	-	-
Furniture and fixtures	46,700	-	-
Equipment & installation	58,936	-	-
Computer equipment	302,746	-	-
Vehicles	701,800	-	-
	<b>34,632,839</b>	<b>-</b>	<b>-</b>

6.2 Details of additions in capital work in progress for the period are as follows:

	December 31, 2011	December 31, 2010
	-----Rupees-----	
Plant & machinery	15,835,208	5,726,532
Building	4,760,319	1,072,620
	<u>20,595,527</u>	<u>6,799,152</u>

Six months period ended		Three-months period Ended	
December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
-----Rupees-----			

7. TAXATION

Current	(34,841,623)	(29,709,864)	(10,518,174)	(3,382,120)
Prior	-	815,431	-	815,431
Deferred	2,974,293	1,749,858	2,974,293	960,135
	<u>(31,867,330)</u>	<u>(27,144,575)</u>	<u>(7,543,881)</u>	<u>(1,606,554)</u>

7.1 There is no change in the status of tax contingency as disclosed in note 30.3 of annual financial statements for the year ended June 30, 2011.

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management personnel and post employment benefit plans. The transactions with related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

		December 31, 2011	December 31, 2010
		-----Rupees-----	
Relationship with the Company	Nature of transactions		
Directors	Remuneration	3,446,400	2,754,700
<b>Associated undertakings</b>			
Shahtaj Sugar Mills Ltd.	Services rendered.	180,000	180,000
Shezan International Ltd.	Purchases of goods.	327,778	266,108
Shahnawaz Textile Mills Ltd.	Purchases of yarn	-	32,901,750
Shahnawaz (Pvt) Ltd.	Purchases of computer equipments.	429,066	184,100
	Software development charges.	210,000	-
	Administrative services received	329,016	362,716
	Services received for vehicles repair	86,424	-

9. DATE OF AUTHORIZATION FOR ISSUE

The financial information was authorized for issue on February 25, 2012 by the Board of Directors of the Company.

10. GENERAL

Figures have been rounded off to the nearest Rupee.

*(M. Naeem)*  
(M. NAEEM)  
Chief Executive

*Muneer Nawaz*  
(MUNEER NAWAZ)  
Chairman

**PRINTED MATTER  
BOOK POST**

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**Shahtaj Textile Limited**

*P.O. BOX NO. 4766,  
SHAHNAWAZ BUILDING, 19 DOCKYARD ROAD,  
WEST WHARF, KARACHI-74000.*