



*Condensed Interim
Financial Information
for the six-month period ended
December 31, 2013*

Shahtaj Textile Limited

Shahtaj Textile Limited

CONTENTS

➤ COMPANY INFORMATON	3
➤ DIRECTORS' REPORT TO THE SHAREHOLDERS	4
➤ AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATON	5
➤ CONDENSED INTERIM BALANCE SHEET (UNAUDITED) AS AT DECEMBER 31, 2013	6
➤ CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013	7
➤ CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013	8
➤ CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013	9
➤ SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013	10

Shahtaj Textile Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muneer Nawaz Mr. M. Naeem Mr. Mahmood Nawaz Mr. Farooq Hassan (NIT) Mr. Toqueer Nawaz Mrs. Sadia Mohammad Mr. Muhammad Usman Khalid Lt. Col. (Retd.) R.D. Shams	Chairman Chief Executive
COMPANY SECRETARY	Mr. Jamil Ahmad Butt, FCMA	
AUDIT COMMITTEE OF THE BOARD	Mr. Muneer Nawaz Mr. Mahmood Nawaz Mr. Muhammad Usman Khalid Syed Muhammad Farooq	Chairman Member Member Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD	Mr. Muneer Nawaz Mr. Farooq Hassan Mr. M. Naeem	
AUDITORS	M. Yousuf Adil Saleem & Co. Chartered Accountants. Cavish Court, A-35, Block 7 & 8 KCHS, Shahrah-e-Faisal, Karachi 75350.	
BANKS	Habib Bank Limited MCB Bank Limited The Bank of Punjab United Bank Limited Bank Alfalah Limited Standard Chartered Bank (Pakistan) Limited Faysal Bank Limited HSBC Bank Middle East Limited	
LEGAL ADVISOR	Mr. Ras Tariq Chaudhary 30-Mall Mansion The Mall Lahore.	
HEAD OFFICE	Shahnawaz Building, 19-Dockyard Road, West Wharf, Karachi-74000 Ph: 32313934-8, 32312834, 32310973 Fax: 32205723, 32310623 Website: www.shahtaj.com	
REGISTERED OFFICE	100-B/3, M. M. Alam Road, Culberg-III, Lahore-54660 Tel: (042) 35772991-3 Fax: (042) 35772999	
MARKETING OFFICE	27-C Abdalian Co-oporetive, Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
FACTORY	46 K.M. Lahore/Multan Road Chunian Industrial Estate Bhai Pheru, Distt. Kasur, Punjab. Ph: (049) 4540430-32, 4540133, 4540234 Fax: (049) 4540031	
SHARE REGISTRAR	Evolution Factor (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 un-audited Condensed Interim Financial Information of the company for the six-month period ended December 31, 2013 together with limited scope review by the Auditors.

By the grace of God Almighty operating results for the period have been positive and Company has earned an after tax profit of Rs.45.183 million with an EPS of Rs.4.68.

Inspite of increase in sales and other income and substantial decrease in finance cost, this profit however is less than the corresponding period of last year. It was mainly due to abnormal increase of Rs.56 million in fuel and power cost. As was indicated in report of previous quarter, gas availability remained short most of the time. The Company therefore had to resort to alternate energy sources at much higher cost. During this period WAPDA tariff also increased by Rs.2.60 per unit i.e. a 23% increase.

The industry is still experiencing slow down in market specially in narrow width fabric.

The Company is doing its best to combat and overcome these problems.

Appreciation

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

for and on behalf of the Board of Directors

Karachi:
February 21, 2014


(M. Naeem)
Chief Executive

Shahtaj Textile Limited

AUDITOR' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SHAHTAJ TEXTILE LIMITED** (the Company) as at December 31, 2013 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 fair 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2013.

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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:
February 21, 2014


Chartered Accountants
Mushtaq Ali Hirani
Engagement Partner

Shahtaj Textile Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

		December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
	Note	----- Rupees -----	
SHARE CAPITAL AND RESERVES	5	735,611,451	721,324,849
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		191,245,790	209,146,357
NON - CURRENT LIABILITIES			
Long-term finance		222,988,852	201,716,621
Deferred liabilities		119,000,676	99,498,366
		341,989,528	301,214,987
CURRENT LIABILITIES			
Trade and other payables		201,548,797	249,848,313
Interest accrued		11,257,501	13,533,640
Short-term borrowings		284,175,918	181,999,934
Current portion of long term finance		109,069,541	110,681,542
		606,051,757	556,063,429
CONTINGENCIES AND COMMITMENTS	6		
		1,874,898,526	1,787,749,622
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,029,741,677	995,631,560
Long-term loans		673,438	602,791
Long-term deposits		27,308,944	27,310,337
		1,057,724,059	1,023,544,688
CURRENT ASSETS			
Stores, spares and loose tools		50,882,864	41,806,305
Stock-in-trade		271,056,522	299,912,420
Trade debts		319,156,164	322,455,558
Loan and advances		10,442,460	10,774,431
Trade deposits and short-term prepayments		4,374,882	4,386,088
Other receivables		4,655,878	4,548,439
Taxation - net		25,387,767	16,237,798
Sales tax refundable		68,373,529	53,509,383
Other financial assets		-	5,984,397
Cash and bank balances		62,844,401	4,590,115
		817,174,467	764,204,934
		1,874,898,526	1,787,749,622

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, 2013 (UNAUDITED)

	Six-month period ended		Three-month period ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Note	----- Rupees -----			
Sales - net	2,113,257,827	2,036,655,405	1,061,555,613	1,090,676,889
Cost of goods sold	(1,951,483,943)	(1,841,622,293)	(974,859,782)	(1,007,725,646)
Gross profit	161,773,884	195,033,112	86,695,831	82,951,243
Other income	8,290,064	6,852,639	3,714,704	4,755,325
	170,063,948	201,885,751	90,410,535	87,706,568
Distribution cost	(35,541,915)	(29,622,575)	(19,405,333)	(18,107,549)
Administrative expenses	(35,152,410)	(29,295,340)	(19,470,704)	(14,821,421)
Other operating expenses	(5,141,723)	(7,156,284)	(2,784,138)	(2,917,206)
Finance cost	(24,851,903)	(53,889,736)	(11,184,685)	(27,135,420)
	(100,687,951)	(119,963,935)	(52,844,860)	(62,981,596)
Profit before taxation	69,375,997	81,921,816	37,565,675	24,724,972
Taxation	8 (24,192,689)	(26,310,409)	(13,377,180)	(6,291,512)
Profit after taxation	45,183,308	55,611,407	24,188,495	18,433,460
Other comprehensive income				
<i>Items that will not be reclassified subsequently through profit and loss account</i>				
Remeasurement of defined benefit liability	3.1 (2,656,745)	-	(2,656,745)	-
Recognition of deferred tax	334,471	-	334,471	-
Total other comprehensive income - net of tax	(2,322,274)	-	(2,322,274)	-
Total comprehensive income for the period	42,861,034	55,611,407	21,866,221	18,433,460
Earnings per share - basic and diluted	4.68	5.76	2.50	1.91

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, 2013 (UNAUDITED)

	Six-month period ended	
	December 31, 2013	December 31, 2012
	-----Rupees-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	69,375,997	81,921,816
Adjustments for :		
Depreciation	49,335,170	43,901,095
Finance cost	24,851,903	53,889,736
Gain on disposal of property, plant and equipment	(728,251)	(278,196)
Provision for gratuity and leave encashment	7,107,008	6,392,669
Interest Income	(236,787)	(156,842)
Operating cash flows before movements in working capital	149,705,040	185,670,278
Decrease / (increase) in current assets		
Stores, spares and loose tools	(9,076,559)	(6,250,113)
Stock in trade	28,855,898	(66,750,356)
Trade debts	3,299,394	18,321,337
Loans and advances	331,971	(10,057,371)
Trade deposits and short term prepayments	11,206	(1,033,860)
Other financial assets	5,984,397	(1,000,000)
Other receivables	(107,439)	1,733,460
Sales tax refundable	(14,864,146)	(20,158,608)
(Decrease) / increase in current liabilities		
Trade and other payables	(49,427,193)	23,212,981
Cash generated from operations	114,712,569	123,687,748
Gratuity and leave encashment paid	(6,869,007)	(3,866,445)
Interest paid	(27,128,042)	(53,122,023)
Income taxes paid	(24,235,623)	(17,478,097)
Net cash generated from operating activities	<u>56,479,897</u>	<u>49,221,183</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(83,998,256)	(6,181,044)
Proceeds from disposal of property, plant and equipment	1,281,220	500,000
Long term loans	(70,647)	384,943
Long term deposits	1,393	-
Interest received	236,788	40,119
Net cash used in investing activities	<u>(82,549,502)</u>	<u>(5,255,982)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	75,000,000	-
Repayments of long-term finance	(55,339,770)	(67,785,771)
Dividend paid	(37,512,323)	(32,724,125)
Net cash used in financing activities	<u>(17,852,093)</u>	<u>(100,509,896)</u>
Net decrease in cash and cash equivalents (A+B+C)	(43,921,698)	(56,544,695)
Cash and cash equivalents at July 1	<u>(177,409,819)</u>	<u>(413,651,758)</u>
Cash and cash equivalents at December 31	<u>(221,331,517)</u>	<u>(470,196,453)</u>
Cash and cash equivalents		
Cash and bank balances	62,844,401	17,989,296
Short term borrowings	(284,175,918)	(488,185,749)
	<u>(221,331,517)</u>	<u>(470,196,453)</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 STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2013 (UN-AUDITED)

	Share capital	Revenue reserves		Total
	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	
	Rupees			
Balance at July 01, 2012	96,600,000	420,000,000	120,186,009	636,786,009
Comprehensive income				
Profit after taxation for the six month ended December 31, 2012	-	-	55,611,407	55,611,407
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the period	-	-	55,611,407	55,611,407
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation (net of deferred tax)	-	-	2,712,569	2,712,569
Transferred to general reserve	-	50,000,000	(50,000,000)	-
Transaction with owners				
Final dividend for the year ended June 30, 2012 at Rs. 3.5 per share.	-	-	(33,809,582)	(33,809,582)
Balance at December 31, 2012	96,600,000	470,000,000	94,700,403	661,300,403
Balance at July 01, 2013	96,600,000	470,000,000	154,724,849	721,324,849
Comprehensive income				
Profit after taxation for the six month ended December 31, 2013	-	-	45,183,308	45,183,308
Other comprehensive income - net of tax	-	-	(2,322,274)	(2,322,274)
Total comprehensive income for the period	-	-	42,861,034	42,861,034
Transferred from surplus on revaluation of property, plant and equipment on account of: - incremental depreciation (net of deferred tax)	-	-	10,065,568	10,065,568
Transferred to general reserve	-	80,000,000	(80,000,000)	-
Transaction with owners:				
Final dividend for the year ended June 30, 2013 at Rs. 4 per share	-	-	(38,640,000)	(38,640,000)
Balance at December 31, 2013	96,600,000	550,000,000	89,011,451	735,611,451

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, 2013 (UN-AUDITED)

1. STATUS AND NATURE OF BUSINESS

1.1 Shahtaj Textile Limited (the Company) was incorporated in Pakistan on January 24, 1990 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. 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, in the province of Sindh. The principal activity of the Company is manufacturing and sale of textile goods. The Company's manufacturing facilities are located at Chunian Industrial Estate, Bhai Pheru, District Kasur in the province of Punjab.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the six-month ended December 31, 2013 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 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, 2013.

2.2 The financial statements have been prepared under the historical cost basis modified by:

- revaluation of certain property, plant and equipment
- financial instrument at fair value
- recognition of certain staff retirement benefits at net present value

2.3 This condensed interim financial information is presented in Pak 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 (xix) 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, 2013, 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 information for the six month ended December 31, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information are same as those applied in the preparation of the published annual audited financial statements for the year ended June 30, 2013 except for the adoption of IAS-19 as more described in note 3.1 below.

3.1 Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) 'Employee benefits' amends the accounting for employment benefits which became effective to the Company from July 1, 2013. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standard requires past service cost to be recognised immediately in profit and loss account;
- (b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
- (c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and
- (d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services.

The management believes that the effects of these changes would not have significant effect on this condensed interim financial information except for the changes referred to in (d) above that has been accounted for. The company has changed its accounting policy wherein, the actuarial gains and losses on employees' retirement benefit plan are recognised immediately in other comprehensive income. The comparative figures have not been restated for change in accounting policy due to immaterial impact. Unrecognised actuarial loss as at June 30, 2013 of Rs 2,656,745 has been accounted for as other comprehensive income, for the period ended December 31, 2013.

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, 2013.

5. SHARE CAPITAL AND RESERVES

	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
	----- Rupees in '000' -----	
Authorized		
10,000,000 Ordinary shares of Rs.10/- each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up		
9,660,000 Ordinary shares of Rs.10/- each	<u>96,600,000</u>	96,600,000
General reserve	<u>550,000,000</u>	470,000,000
Unappropriated profit	<u>89,011,451</u>	154,724,849
	<u>735,611,451</u>	<u>721,324,849</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Guarantees issued by banks on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)	20,400,000	20,400,000
Bills discounted not matured - customer's risk	50,919,699	229,751,167

6.2 Commitments outstanding

Capital expenditure	-	66,491,650
Letters of credit other than for capital expenditure	-	4,199,000
Sale contracts to be executed	303,720,472	505,346,922

Shahtaj Textile Limited

	Note	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
----- Rupees in '000' -----			
2. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	946,294,250	985,792,604
Capital work-in-progress	7.2	83,447,427	9,838,956
		<u>1,029,741,677</u>	<u>995,631,560</u>

7.1 Following additions, transfers and disposals in operating fixed assets were made:

	Additions	Disposal (Written down value)	Sale proceeds
----- Rupees -----			
During the period ended December 31, 2013 (Unaudited)			
Plant and machinery	9,889,603	-	-
Equipment	75,592	-	-
Computer	118,740	(296,296)	341,220
Vehicles	305,850	(256,673)	940,000
	<u>10,389,785</u>	<u>(552,969)</u>	<u>1,281,220</u>
During the year ended June 30, 2013 (Audited)			
Factory building	1,441,558	-	-
Plant and machinery	6,405,886	-	-
Furniture and fixtures	664,339	-	-
Equipment	1,721,400	-	-
Computer	1,260,226	-	-
Vehicles	1,028,297	(286,272)	852,904
	<u>12,521,706</u>	<u>(286,272)</u>	<u>852,904</u>

7.2 Details of additions in capital work in progress for the period / year are as follows:

	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
----- Rupees -----		
Plant and machinery	83,233,574	25,679,851
Civil work	-	62,207,486
	<u>83,233,574</u>	<u>87,887,337</u>

	Six months period ended		Three-months period Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- (Unaudited) -----				
----- Rupees -----				
8. TAXATION				
Current	15,085,654	25,274,508	4,270,145	9,843,884
Prior	-	4,588,273	-	-
Deferred	9,107,035	(3,552,372)	9,107,035	(3,552,372)
	<u>24,192,689</u>	<u>26,310,409</u>	<u>13,377,180</u>	<u>6,291,512</u>

8.1 There is no change in the status of tax contingency as disclosed in note 30.3 of annual audited financial statements for the year ended June 30, 2013.

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	December 31, 2013 (Unaudited)	December 31, 2012 (Unaudited)
		----- Rupees -----	
Key management personnel	Remuneration	6,052,200	5,188,100
Associated undertakings			
- Shahtaj Sugar Mills Limited	Services rendered	180,000	180,000
- Shezan International Limited	Purchases of goods	294,094	304,074
- Shah Nawaz (Private) Limited	Purchases of computer equipments	119,460	101,500
	Software development charges	117,500	-
	Administrative services received	354,567	329,016
	Services received for vehicles repair	7,874	39,931
	Purchase of MTU generator parts	1,500,000	3,096,746

10. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue on February 21, 2014 by the Board of Directors of the Company.


(M.NAEEM)
Chief Executive


(MUNEEB NAWAZ)
Chairman

**PRINTED MATTER
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IF UNDELIVERED PLEASE RETURN TO:

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