



*Condensed Interim
Financial Information
for the six-month period ended
December 31, 2014*

Shahtaj Textile Limited

Shahtaj Textile Limited

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Shahtaj Textile Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muneer Nawaz Chairman
Mr. M. Naeem Chief Executive
Mr. Mahmood Nawaz
Mr. Saleem Zamindar (NIT)
Mr. Sohail Habib
Mr. Toqueer Nawaz
Mrs. Sadia Muhammad
Mr. Muhammad Usman Khalid
LT. Col. (Retd) R. D. Shams

COMPANY SECRETARY

Mr. Jamil Ahmad Butt, FCMA

AUDIT COMMITTEE OF THE BOARD

Mr. Toqueer Nawaz Chairman
Mr. Muneer Nawaz Member
Mr. Saleem Zamindar Member
Mr. Syed Muhammad Farooq Secretary

HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD

Mr. Muneer Nawaz
Mr. M. Naeem
Mr. Muhammad Usman Khalid

AUDITORS

M. Yousuf Adil Saleem & Co.
Chartered Accountants.
Cavish Court, A-35, Block 7 & 8 KCHS,
Shahrah-e-Faisal, Karachi 75350.

BANKS

Bank Alfalah Limited
The Bank of Punjab
MCB Bank Limited
Faysal Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

LEGAL ADVISOR

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30-Mall Mansion
The Mall
Lahore.

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West Wharf, Karachi-74000
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REGISTERED OFFICE

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MARKETING OFFICE

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Hosing Society, Lahore,
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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 unaudited Condensed Interim Financial Information of the Company for the six-months period ended on December 31, 2014 together with limited scope review by the Auditors.

By the grace of Allah Almighty operating results of the company have been positive and Company has earned a before tax profit of Rs.26.543 million.

This profit however is less than the corresponding period of last year, mainly because of lesser sales. As reported in previous reports the Industry is suffering from slow down in the market. Margin on export sales was further affected due to appreciation of rupee value against dollar in comparison to previous period.

The installation of 18 new looms in replacement of old in December, 2014 caused loss of some production hours. The resultant decrease in production also contributed in lesser profits for the period. However these looms are now operating satisfactorily and will have a positive effect on the production capacity of the Company.

Company will continue to take all required steps to further improve the results.

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



(M. Naeem)

Chief Executive

Karachi:

February 24, 2015

Shahtaj Textile Limited

AUDITOR'S 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, 2014, 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants
Mushtaq Ali Hirani
Engagement Partner

Karachi:
February 24, 2015

Shahtaj Textile Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

		(Unaudited) December 31, 2014	(Audited) June 30, 2014
	Note	----- Rupees -----	
EQUITY AND LIABILITIES			
Share capital and reserves	5	765,640,133	772,772,939
Surplus on revaluation of property, plant and equipment		173,513,312	184,572,820
NON - CURRENT LIABILITIES			
Long-term finance		241,095,311	159,893,081
Deferred liabilities		114,850,378	108,746,642
		355,945,689	268,639,723
CURRENT LIABILITIES			
Trade and other payables		209,454,454	255,975,688
Interest accrued		12,409,056	13,893,670
Short-term borrowings		227,484,032	200,434,419
Current portion of long term finance		100,212,541	116,823,541
		549,560,083	587,127,318
Contingencies and commitments	6		
TOTAL EQUITY AND LIABILITIES		<u>1,844,659,217</u>	<u>1,813,112,800</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,067,118,307	987,473,676
Long-term loans		1,321,360	665,075
Long-term deposits		27,317,444	27,317,444
		1,095,757,111	1,015,456,195
CURRENT ASSETS			
Stores, spares and loose tools		46,908,398	44,409,630
Stock-in-trade		276,863,356	306,773,757
Trade debts		284,020,941	277,489,046
Loan and advances		6,782,294	5,273,975
Trade deposits and short-term prepayments		4,931,408	174,989
Other receivables		5,723,470	5,728,568
Taxation - net		60,889,287	55,192,947
Sales tax refundable		52,343,976	79,406,359
Other financial assets		6,862,977	6,085,466
Cash and bank balances		3,575,999	17,121,868
		748,902,106	797,656,605
TOTAL ASSETS		<u>1,844,659,217</u>	<u>1,813,112,800</u>

The annexed notes from 1 to 11 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 THREE AND SIX MONTH PERIOD ENDED DECEMBER 31, 2014 (UNAUDITED)

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note	Rupees			
Sales - net	1,741,220,827	2,118,824,320	879,294,799	1,061,555,613
Cost of goods sold	(1,610,840,052)	(1,951,483,943)	(808,011,713)	(974,859,782)
Gross profit	130,380,775	167,340,377	71,283,086	86,695,831
Other income	2,962,960	2,723,571	1,887,801	2,723,571
	133,343,735	170,063,948	73,170,887	90,410,535
Distribution cost	(34,950,269)	(35,541,915)	(17,838,255)	(19,405,333)
Administrative expenses	(41,750,022)	(35,152,410)	(20,256,600)	(19,470,704)
Other operating expenses	(1,967,193)	(5,141,723)	(1,440,821)	(2,784,138)
Finance cost	(28,133,407)	(24,851,903)	(14,194,583)	(11,184,685)
	(106,800,891)	(100,687,951)	(53,730,259)	(52,844,860)
Profit before taxation	26,542,844	69,375,997	19,440,628	37,565,675
Taxation	8 (18,657,930)	(24,192,689)	(16,314,199)	(13,377,180)
Profit after taxation	7,884,914	45,183,308	3,126,429	24,188,495
Other comprehensive income				
<i>Items that will not be reclassified subsequently through profit and loss account</i>				
Remeasurement of defined benefit liability	-	(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	7,884,914	42,861,034	3,126,429	21,866,221
Earnings per share - basic and diluted	0.82	4.68	0.32	2.50

The annexed notes from 1 to 11 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, 2014 (UNAUDITED)

	Six month period ended	
	December 31, 2014	December 31, 2013
	-----Rupees-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,542,844	69,375,997
Adjustments for		
Depreciation	48,706,242	49,335,170
Finance cost	28,133,407	24,851,903
Loss / (gain) on disposal of property, plant and equipment	131,120	(728,251)
Provision for gratuity and leave encashment	7,738,026	7,107,008
Interest income	(346,689)	(236,787)
Operating cash flows before movements in working capital	110,904,950	149,705,040
Decrease / (increase) in current assets		
Stores, spares and loose tools	(2,498,768)	(9,076,559)
Stock in trade	29,910,401	28,855,898
Trade debts	(6,531,895)	3,299,394
Loans and advances	(1,508,319)	331,971
Trade deposits and short term prepayments	(4,756,419)	11,206
Other receivables	5,098	(107,439)
Sales tax refundable	27,062,383	(14,864,146)
Other financial assets	(777,511)	5,984,397
(Decrease) in current liabilities		
Trade and other payables	(47,283,673)	(49,427,193)
Cash generated from operations	104,526,247	114,712,569
Gratuity and leave encashment paid	(6,082,829)	(6,869,007)
Finance cost paid	(29,618,021)	(27,128,042)
Taxes paid	(21,832,959)	(24,235,623)
Net cash generated from operating activities	46,992,438	56,479,897
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(128,843,735)	(83,998,256)
Proceeds from disposal of property, plant and equipment	361,742	1,281,220
Long term loans disbursed - net	(656,285)	(70,647)
Long term deposits	-	1,393
Interest received	346,689	236,788
Net cash used in investing activities	(128,791,589)	(82,549,502)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	118,319,000	75,000,000
Repayments of long-term finance	(53,727,770)	(55,339,770)
Dividend paid	(23,387,561)	(37,512,323)
Net cash used in financing activities	41,203,669	(17,852,093)
Net decrease in cash and cash equivalents (A+B+C)	(40,595,482)	(43,921,698)
Cash and cash equivalents at July 1	(183,312,551)	(177,409,819)
Cash and cash equivalents at December 31	(223,908,033)	(221,331,517)
Cash and cash equivalents		
Cash and bank balances	3,575,999	62,844,401
Short term borrowings	(227,484,032)	(284,175,918)
	(223,908,033)	(221,331,517)

The annexed notes from 1 to 11 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, 2014 (UN-AUDITED)

	Share capital	Revenue reserves		Total
	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	
----- Rupees -----				
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 @ 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
Balance at July 01, 2014	96,600,000	550,000,000	126,172,939	772,772,939
Comprehensive income				
Profit after taxation for the six month ended December 31, 2014	-	-	7,884,914	7,884,914
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the period	-	-	7,884,914	7,884,914
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	9,132,280	9,132,280
Transferred to general reserve	-	40,000,000	(40,000,000)	-
Transaction with owners				
Final dividend for the year ended June 30, 2014 @ Rs. 2.50 per share	-	-	(24,150,000)	(24,150,000)
Balance at December 31, 2014	96,600,000	590,000,000	79,040,133	765,640,133

The annexed notes from 1 to 11 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, 2014 (UN-AUDITED)

1. STATUS AND NATURE OF BUSINESS

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 to manufacture and sale of textile goods. The registered office of the Company is situated at 27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan and the manufacturing facility of the Company is located at 46 KM. Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur in the province of Punjab; however, the Head Office is located at Shah Nawaz 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 ended December 31, 2014 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, 2014.

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. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2014, 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, 2013.

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, 2014.

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, 2014.

5. SHARE CAPITAL AND RESERVES

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
Authorized		
10,000,000 Ordinary shares of Rs.10 each	100,000,000	100,000,000
Issued, subscribed and paid-up		
9,660,000 Ordinary shares of Rs.10 each	96,600,000	96,600,000
General reserve	590,000,000	550,000,000
Unappropriated profit	79,040,133	126,172,939
	<u>765,640,133</u>	<u>772,772,939</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 with recourse	146,909,296	101,274,567

6.2 Commitments outstanding

Capital expenditure	-	11,500,000
Letters of credit other than for capital expenditure	-	1,896,000
Sale contracts to be executed	640,047,174	538,186,367

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1	940,256,489	981,507,506
Capital work in progress	7.2	126,861,818	5,966,170
		<u>1,067,118,307</u>	<u>987,473,676</u>

Shahtaj Textile Limited

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

	Additions	Disposal / write off	Sale proceeds / insurance claim
Rupees			
During the period ended December 31, 2014 (Unaudited)			
Plant and machinery	5,500,799	-	-
Furniture and fixtures	451,600	-	-
Equipment and installations	23,365	-	-
Computer	183,800	(191,497)	120,120
Vehicles	1,788,523	(301,365)	327,622
	<u>7,948,087</u>	<u>(492,862)</u>	<u>447,742</u>
Rupees			
During the year ended June 30, 2014 (Audited)			
Plant and machinery	94,843,072	(23,439,274)	-
Furniture and fixtures	6,035,576	(1,596,199)	-
Equipment and installations	201,457	(308,706)	-
Computer	438,620	(2,449,948)	341,220
Vehicles	305,850	(1,912,100)	1,240,000
	<u>101,824,575</u>	<u>(29,706,227)</u>	<u>1,581,220</u>

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

	(Unaudited) December 31, 2014	(Audited) June 30, 2014
Rupees		
Plant and machinery	124,478,291	89,411,786
Buildings	2,383,527	-
Vehicles	151,840	-
	<u>127,013,658</u>	<u>89,411,786</u>

	Six month period ended		Three month period ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(Unaudited) Rupees				
8. TAXATION				
Current	17,000,854	15,085,654	14,657,123	4,270,145
Prior year	(864,234)	-	(864,234)	-
Deferred	2,521,310	9,107,035	2,521,310	9,107,035
	<u>18,657,930</u>	<u>24,192,689</u>	<u>16,314,199</u>	<u>13,377,180</u>

8.1 The Company received an amended assessment order during the period pertaining to the tax year 2011 raising an additional demand of Rs. 370.7 million. The Company has filed an appeal against the order. The tax demand was annulled by CIR (Appeals). The department later filed an appeal against the said order to Income Tax Appellate Tribunal (ITAT); the decision of which is pending. No provision against the said demand has been made based on the tax advisor's opinion who expects a favorable outcome.

8.2 The Company received an amended order on June 29, 2012 under section 124 of the Income Tax Ordinance 2001, pertaining to the tax year 2009 from the Deputy Commissioner Inland Revenue raising an additional demand of Rs. 18.4 million by amending the original demand of Rs. 49.79 million. The Company has filed an appeal to the Income Tax Appellate Tribunal (ITAT) for rectification of the said order; the decision of which is pending. No provision against the said demand has been made based on the tax advisor's opinion who expects a favorable outcome.

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	(Unaudited)	
		December 31, 2014	December 31, 2013
Rupees			
Key management personnel	Remuneration	5,892,200	6,052,200
Rupees			
Relationship with the Company	Nature of transactions	(Unaudited)	
		December 31, 2014	December 31, 2013
Rupees			
Associated undertakings			
- Shahtaj Sugar Mills Limited	Services rendered	180,000	180,000
- Shezan International Limited	Purchases of goods	351,814	294,094
- Shah Nawaz (Private) Limited	Purchases of computer equipment	216,800	119,460
	Software development charges	115,000	117,500
	Administrative services received	329,016	354,567
	Services received for vehicles repair	7,544	7,874
	Purchase of MTU generator parts	-	1,500,000

10. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and to reflect the substance of the transactions. No significant rearrangements or reclassifications were made in these financial statements except the following:

Description	Reclassified		December 31, 2013
	From	To	Rupees
Waste sales	Other income	Sales - net	5,566,493

11. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue on February 24, 2015 by the Board of Directors of the Company.


(M.NAEEM)
Chief Executive


(MUNEER NAWAZ)
Chairman

**PRINTED MATTER
BOOK POST**

IF UNDELIVERED PLEASE RETURN TO:

Shah taj Textile Limited

*P.O. BOX NO. 4766,
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WEST WHARF, KARACHI-74000.*