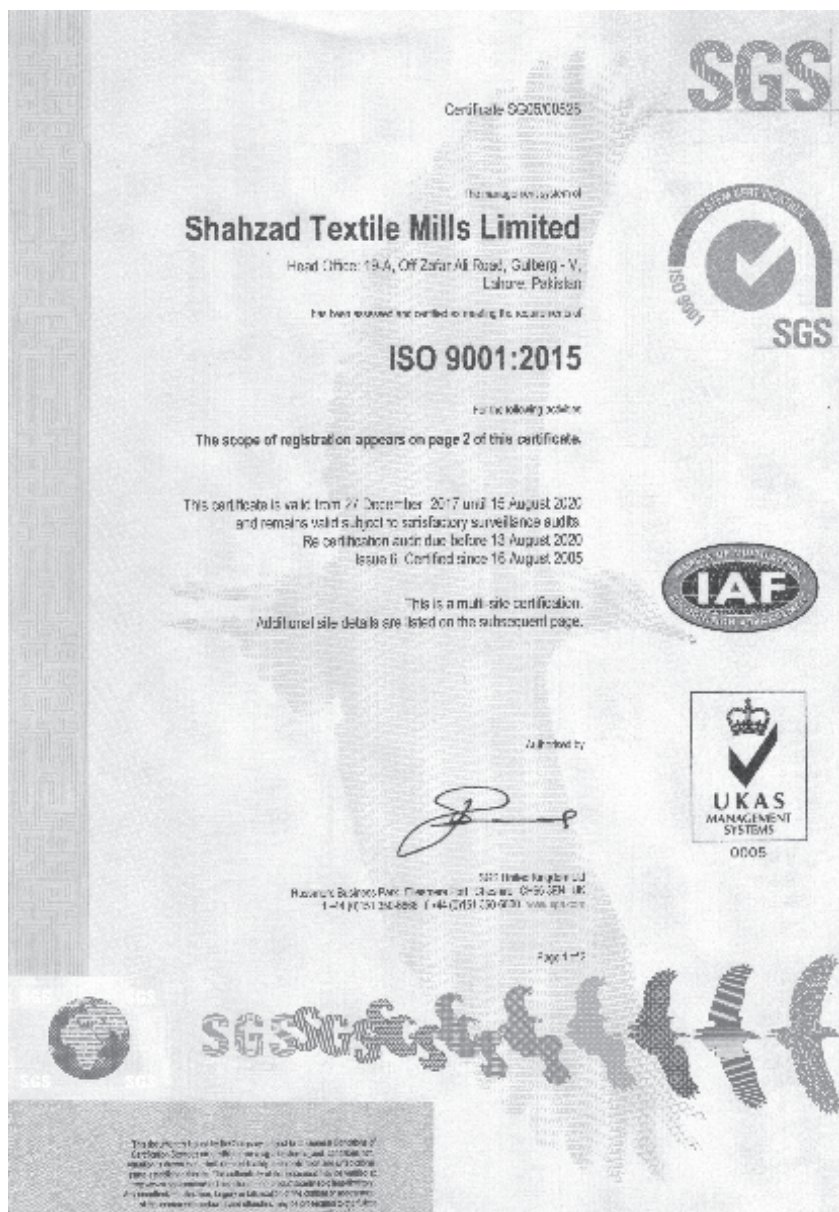


1st Quarter's Report

September 30, 2018



SHAHZAD TEXTILE MILLS LIMITED



Certificate SC0503525, continued

Shahzad Textile Mills Limited

ISO 9001:2015

Figure 5

Revised: 10/2004

⁴Manufacturing and Export of 100% Cotton, Blended, Pure Synthetic, Combed, carded and double yarn"

1.5 billion

Site 01 : 34th Km, Sheikhupura Road,
Sheikhupura, Pakistan.

Site 02: 7Km, Shelkhupura Faisalabad Road,
Shelkhupura, Pakistan.



Topographic features are defined by elevation, with 1000 m (3280.84 ft) as the elevation threshold. The elevation range is 1000–1500 m (3280.84–4921.26 ft). The elevation range is 1000–1500 m (3280.84–4921.26 ft). The elevation range is 1000–1500 m (3280.84–4921.26 ft).

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COMPANY'S INFORMATION

Board of Directors

Mian Parvez Aslam	Chairman
Mr. Imran Aslam	Chief Executive
Mr. Irfan Aslam	
Syed Raza Ali Bokhari	
Mr. Humayun Bakht	
Mr. Ahsan Ahmad Khan	
Mr. Maqsood Shahid Najmi	

Chief Financial Officer

Mr. Humayun Bakht

Company Secretary

Mr. Hassan-ud-Din Ansari

Auditors

Horwath Hussain Chaudhry & Co.
Chartered Accountants

Audit Committee

Syed Raza Ali Bokhari	Chairman
Mr. Irfan Aslam	Member
Mr. Maqsood Shahid Najmi	Member

Human Resource &**Remuneration Committee**

Syed Raza Ali Bokhari	Chairman
Mr. Imran Aslam	Member
Mr. Ahsan Ahmad Khan	Member

Bankers

Habib Metropolitan Bank Ltd.
J S Bank Ltd.
National Bank of Pakistan.
Meezan Bank Limited.

Share Registrar

Hameed Majeed Associates (Pvt) Ltd.
H.M. House, 7-Bank Square,
Lahore.

Registered Office

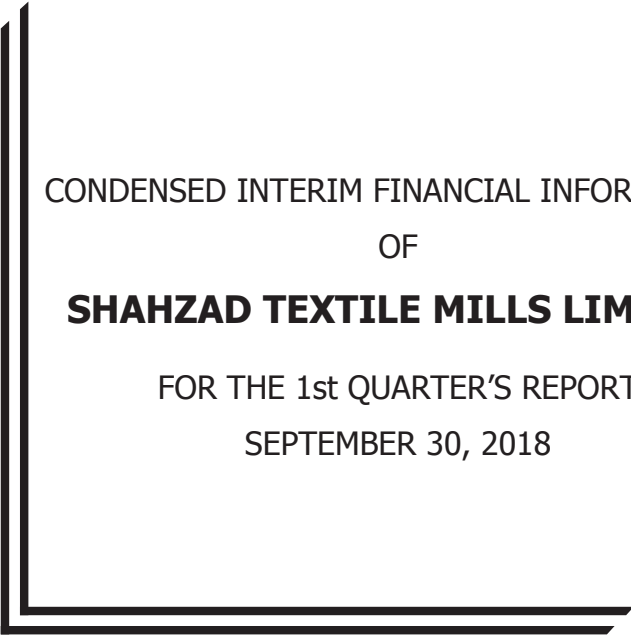
19-A Off. Zafar Ali Road,
Gulberg-V, Lahore.
Ph: +92 (42) 35754024-27
Fax: +92 (42) 35712313
E-mail: mis@shaheencotton.com
Web: www.shahzadtext.com

Mills**Units # 1,3 & 4**

34th KM Lahore Sheikhpura Road,
Sheikhpura

Unit # 2

7th KM Sheikhpura Faisalabad
Road, Sheikhpura.

A decorative graphic consisting of two parallel L-shaped lines. The vertical line is on the left, and the horizontal line is at the bottom, forming a corner that frames the text on the right.

CONDENSED INTERIM FINANCIAL INFORMATION
OF

SHAHZAD TEXTILE MILLS LIMITED

FOR THE 1st QUARTER'S REPORT
SEPTEMBER 30, 2018

On behalf of the directors of Shahzad Textile Mills Limited. It is my great pleasure to present condensed interim un-audited financial statement for the first quarter ended September 30, 2018.

The company's pretax profit before the share of Associated Under taking is Rs. 98.640 million as compared to Profit of Rs.11.565 million in corresponding quarter of previous year. Company's sales of yarn for the current quarter is also increased to Rs. 1,684.899 million from sales of Rs. 1,227.556 million in corresponding period of previous year.

The marketing struggle worked well and management portrayed remarkable financial result which are narrated above. A significant increase in revenue can also be observed which is 37.26% higher than the turnover of corresponding period of previous year. This can be attributed to increase in yarn rates and can also be referred to unexpected enormous hike in US dollar against pak rupees.

The prices of Raw material if averagely seen exhibited higher trend. Cotton prices rotating around Rs.8200/- per maund, Polyester Rs. 198/- per kg and viscose Rs.259/- per kg accordingly.

FUTURE PROSPECTES

The inadequate and high cost of energy has severely effected the growth of industries in the country. The management, foreseeing future hike in the energy cost decided to shift the electric load to renewable energy and installed a 300 KW Grid solar power plant through Orient Energy System. The approximate cost of this project is Rs.27,395,374/- which will start generating Electricity during 2nd quarter of the current financial year. It will also reduce Energy cost of the company.

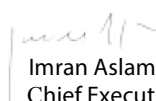
The Board of Directors have also decided to dispose of the obsolete machinery of existing Unit No. 3 consisting of 18,552 spindles which is continuously running into losses. The Board of Directors have further decided to install a latest socks manufacturing unit to produce stylish and quality socks which has good demand in the international market. This will be a 100% export oriented unit. The total cost of the project will be PKR 540.000 million which will be financed by bank loans and internal generation of funds including proceeds of the disposal of the old machinery as mentioned above.

Earning per share Rs.4.02 as compared to Loss per share Rs.0.28 in corresponding period of previous year.

We thankfully appreciate the strenuous efforts of valued customers, bankers, share holders who have actively participated in smooth functioning of company's routine work.

For and on behalf of the board


Irfan Aslam
Director


Imran Aslam
Chief Executive Officer

Lahore.
Dated : 25-10-2018

ڈائریکٹر رپورٹ

میں تمام ڈائریکٹران کی جانب سے 30 ستمبر 2018 کے اختتام پر کمپنی کا مالیاتی جائزہ پیش کرنے میں دلی مسرت محسوس کر رہا ہوں۔

موجودہ سہ ماہی میں کمپنی کا قبل از ٹیکس منافع اور ذیلی کمپنی کے منافع کے حصہ سے پیشتر 98.640 ملین روپے ہے۔ جبکہ گزشتہ سال اسی مدت میں یہ منافع 11.565 ملین روپے تھا۔ موجودہ سہ ماہی میں کمپنی کے دھاگے کی فروخت میں 37.26 فیصد اضافہ ہوا ہے جو کہ موجودہ غیر یقینی صورت حال میں ایک انتہائی مثبت پیشرفت ہے۔ دھاگے کی موجودہ فروخت 1,684.899 ملین روپے ہے جبکہ گزشتہ سال اسی مدت میں 1,227.556 ملین روپے تھی۔ دھاگے کی فروخت میں اضافہ مقامی اور عالمی منڈی میں بہتر قیمت کی دستیابی اور ڈالر کے مقابلے میں روپے کی قیمت میں گراؤت سے منسوب کیا جاسکتا ہے۔

خام مال کی قیمتیں:

اگر دیکھا جائے تو موجودہ سہ ماہی میں خام مال کی اوسطاً قیمتیں جن میں کاٹن 8200 روپے پر مین پولیسٹر 198 روپے پر کلوگرام اور وِسکوس 259 روپے پر کلوگرام ہیں بلندی کی طرف گامزن رہی ہیں۔

توسیع منصوبہ:

بجلی کی کم پائی نے سعتوں کو فروغ کو بُری طرح متاثر کیا ہے۔ ہماری انتظامیہ نے اس صورت حال کو مد نظر رکھتے ہوئے اور مستقبل میں معیشت پر اس کے منفی اثرات کو دیکھتے ہوئے بجلی کا لوڈ تجرباتی طور پر سولر انرجی پر شفٹ کیا ہے اور 300KW گرڈ کا سولر پاور پلانٹ اور نیٹ انرجی سسٹم سے خرید کر تنصیب کیا ہے۔ اس سولر پلانٹ کی قیمت تقریباً 27.395 ملین روپے ہیں یہ پلانٹ ان شانہ اس مالی سال کی دوسری سہ ماہی میں بجلی پیدا کرنا شروع کر دے گا۔ اس سے بجلی کی لاگت میں بھی کمی آئے گی۔

بورڈ آف ڈائریکٹرز نے یہ بھی متفقہ فیصلہ کیا ہے کہ یونٹ نمبر 3 جو 18552 سپنڈل پر مشتمل ہے کی مشینری متروک الاستعمال ہو چکی ہے اور مسلسل نقصان میں چل رہی ہے کی جگہ پر جراثیم بنانے کا جدید یونٹ لگا دیا جائے کیونکہ خوبصورت اور جدید طرز کی جراثیم کی عالمی منڈی میں بے حد مانگ ہے انتظامیہ نے یہ بھی فیصلہ کیا ہے کہ یہ ایک ایسا یونٹ ہوگا جس کی تمام تیرید اور عالمی منڈی میں فروخت کی جائیگی اس منصوبے کی لاگت کا تخمینہ 540 ملین روپے ہے جس میں بینک سے قرضے کا حصول اور اپنے ذرائع سے فنڈز کا بندوبست جس میں یونٹ نمبر 3 کی متروک الاستعمال مشینری کی فروخت سے حاصل شدہ رقم بھی شامل ہے۔

اس ششماہی میں فی شیئر منافع 4.02 روپے ہے۔ جبکہ گزشتہ اسی مدت میں یہ منافع 0.28 روپے فی شیئر تھا۔

آخر میں ہم اپنے قابل قدر صارفین، بینکاروں، مالی اداروں، شیئر ہولڈرز اور عملے کا جو کمپنی کی تمام تر کاروباری سرگرمیوں میں مخلصانہ حصہ لے رہے ہیں بے حد مشکور ہیں۔ اور ہم اپنے شاف ممبرز کے بھی مشکور ہیں جنہوں نے دل جمعی سے کام کیا اور کمپنی کے اندر ایک خوشگوار کاروباری ماحول بنائے رکھا۔

برائے محکم بورڈ

جناب عمران اسلم

چیف ایگزیکٹو آفیسر

لاہور: مورخہ 125 ستمبر 2018

جناب عرفان اسلم
ڈائریکٹر

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2018

		September 30, 2018	June 30, 2018
	Note	(Un-audited)	(Audited)
----- Rupees in thousand -----			
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital:			
40,000,000 (June 2018: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid up capital		179,714	179,714
17,971,372 (June 2018: 17,971,372) ordinary shares of Rs. 10 each		1,225,598	1,149,805
Reserves		781,455	783,790
Surplus on Revaluation of property, plant and equipment			
		2,186,767	2,113,309
Non Current Liabilities			
Long term financing	4	47,851	58,036
Staff retirement benefits		123,051	117,208
Deferred tax liability		179,167	172,822
		350,069	348,066
Current Liabilities			
Trade and other payables		471,925	359,214
Unclaimed dividend		163	163
Unpaid dividend		199	199
Accrued mark up		6,314	12,450
Short term borrowings		173,731	488,605
Current portion of long term financing		40,740	40,740
Provision for taxation		88,004	67,774
		781,076	969,145
Contingencies and Commitments			
	5	-	-
		3,317,912	3,430,521
ASSETS			
Non Current Assets			
Property, plant and equipment	6	1,887,071	1,907,741
Long term investment in associate		391,376	389,984
Long term deposits		14,178	14,070
		2,292,625	2,311,795
Current Assets			
Stores and spares		62,273	59,294
Stock in trade		517,933	656,654
Trade debts		115,388	103,126
Advances, trade deposits, prepayments and other receivables		194,059	122,365
Short term investments		8,447	8,440
Tax refunds due from the Government		73,040	64,053
Cash and bank balances		54,147	104,794
		1,025,287	1,118,726
		3,317,912	3,430,521

The annexed notes form an integral part of this condensed interim financial information (un-audited).


CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER, 2018

		September 30, 2018	September 30, 2017
	Note	---- Rupees in thousand ----	
Sales		1,684,890	1,227,556
Cost of sales	7	(1,521,744)	(1,170,458)
Gross Profit		163,146	57,098
Operating expenses:			
- Selling and distribution		(8,341)	(6,643)
- Administrative expenses		(32,258)	(29,518)
		(40,599)	(36,161)
Operating Profit		122,547	20,937
Finance cost		(9,073)	(7,344)
Other operating expenses		(15,664)	(2,351)
Other income		830	323
Share of net profit of associate		1,392	6,312
		(22,515)	(3,060)
Profit before Taxation		100,032	17,877
Taxation		(27,808)	(12,839)
Net Profit for the Period		72,224	5,038
Earnings per Share - Basic		4.02	0.28

The annexed notes form an integral part of this condensed interim financial information (un-audited).


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER, 2018

	September 30, 2018	September 30, 2017
	---- Rupees in thousand ----	
Net Profit for the Period	72,224	5,038
Other Comprehensive Income for the Period		
<i>Items that may be reclassified subsequently to profit and (loss)</i>		
Total Comprehensive Income for the Period	<u>72,224</u>	<u>5,038</u>

The annexed notes form an integral part of this condensed interim financial information (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018	September 30, 2017
	--- Rupees in thousand ---	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	100,032	17,877
Adjustments for:		
Depreciation	26,438	28,081
Share of net profit of associate	(1,392)	(6,312)
Loss on disposal of property, plant and equipment - Net	14	1,013
Surplus on revaluation of short term investments at fair value through profit or loss	(7)	(36)
Provision for gratuity	11,500	12,250
Exchange gain	(538)	(3)
Provision for workers' profit participation fund	5,782	961
Provision for workers' welfare fund	2,267	377
Finance cost	7,440	5,506
	51,504	41,837
Operating Profit before Working Capital Changes	151,536	59,714
(Increase) / Decrease in current assets		
- Stores and spares	(2,979)	1,068
- Stock in trade	138,720	180,247
- Trade debts	(11,723)	8,665
- Advances, trade deposits, prepayments, and other receivables	(60,692)	(41,149)
- Tax refunds due from the Government	(8,987)	2,709
Increase in current liabilities		
- Trade and other payables	104,663	79,732
	159,002	231,272
Net Cash generated from Operations	310,538	290,986
Income tax paid	(11,002)	(4,057)
Gratuity paid	(5,658)	(5,361)
Finance cost paid	(13,577)	(9,942)
Net Cash generated from Operating Activities	280,301	271,626
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(9,920)	-
Proceeds from disposal of property, plant and equipment	4,139	10,000
Long term deposits	(108)	-
Capital work in progress	-	(4,125)
Net Cash (used) in / generated from Investing Activities	(5,889)	5,875
CASH FLOW FROM FINANCING ACTIVITIES		
LTF - Loan repaid	(10,185)	(10,185)
Loan repaid to directors	-	(40,000)
Short term borrowings	(314,874)	(238,308)
Net Cash used in Financing Activities	(325,059)	(288,493)
Net Decrease in Cash and Cash Equivalents	(50,647)	(10,992)
Cash and cash equivalents at the beginning of the period	104,794	60,340
Cash and Cash Equivalents at the End of the three Months	54,147	49,348

The annexed notes form an integral part of this condensed interim financial information (un-audited).


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

Particulars	Share Capital	Share Premium Reserve	Unappropriated Profit	Revaluation Surplus	Total Equity
----- Rupees in thousand -----					
Balance as at June 30, 2017	179,714	5,796	1,082,991	483,511	1,752,012
Total comprehensive Income for the first quarter	-	-	5,038		5,038
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	3,417	(3,417)	-
Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings	-	-	1,537	(1,537)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(2,647)	(2,647)
Transaction with owners					
Dividend paid during the period	-	-	-	-	-
Balance as at September 30, 2017	<u>179,714</u>	<u>5,796</u>	<u>1,092,984</u>	<u>475,909</u>	<u>1,754,403</u>
Balance as at June 30, 2018	179,714	5,796	1,144,009	783,790	2,113,308
Total comprehensive Income for the first quarter	-	-	72,224	-	72,224
Transferred from surplus on revaluation of property, plant and equipment on incremental depreciation charged in current period (net of deferred tax)	-	-	3,238	(3,238)	-
Surplus realized on disposal of revalued property, plant and equipment (net of deferred tax) transferred to retained earnings	-	-	331	(331)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	(1,122)	(1,122)
Surplus on revaluation of property, plant and equipment related to rate change	-	-	-	2,357	2,357
Transaction with owners					
Dividend paid during the period	-	-	-	-	-
Balance as at September 30, 2018	<u>179,714</u>	<u>5,796</u>	<u>1,219,802</u>	<u>781,455</u>	<u>2,186,767</u>

The annexed notes form an integral part of this condensed interim financial information (un-audited).


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED

INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2018

Note 1

The Company and its Operations

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and principle business of the Company is to manufacture and deal in all types of yarn.

The information on geographical location and addresses of the Company's business units including plants is as under:

- The Company's registered office is situated at 19-A, Off Zafar Ali Road, Gulberg - V, Lahore
- Unit 1,3 & 4 is situated at 34th Km, Lahore Sheikupura Road, Sheikupura
- Unit 2 is situated at 7th Km, Sheikupura Faisalabad Road, Sheikupura

Note 2

Basis of Preparation

- 2.1** This condensed interim financial statements have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and is in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017
- Provisions of and directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed."

- 2.2** This condensed interim financial information is presented in Pak rupees, which is the Company's functional and presentational currency. Figures have been rounded off to nearest thousand rupees, unless stated otherwise. This condensed financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

Note 3

Accounting Policies

The accounting policies and methods of computation of this condensed interim financial information is the same as those followed in the preparation of annual financial statements for the preceding financial year ended on June 30, 2018.

Note 4

Long Term Financing

	September 30, 2018	June 30, 2018
	(Un-audited)	(Audited)
	Rupees in thousand	
LTF loan - Secured	88,591	98,777
Current portion of LTF loan	(40,740)	(40,740)
	<u>47,851</u>	<u>58,036</u>

- 4.1** These represent LTF loans obtained from banking companies during the period against specific and exclusive charge on relevant fixed assets of the Company. The tenure of facility is from 3 to 5 years starting from February 2017 and ends in February 2022. Mark up on these facilities is charged at SBP rate payable quarterly.

Note 5

Contingencies and Commitments**Contingencies**

- The Company has provided bank guarantees in favour of following parties:

September 30, 2018	June 30, 2018
(Un-audited)	(Audited)
Rupees in Million	
- Sui Northern Gas Pipeline Limited	
72.89	72.64

- The Company is contingently liable for Rs. 20.887 million (June 2018: Rs. 19.983 million) on account of electricity duty on self generation. However the company has not admitted the said duty and case is pending before the Supreme Court of Pakistan.

Commitments

- The Company's outstanding commitments / contracts as at the balance sheet date are as under:

	September 30, 2018	June 30, 2017
	(Un-audited)	(Audited)
Rupees in Million		
Foreign bills of exchange purchased	12.09	50.34
Letters of credit	4.10	4.61
	16.19	54.95

Note 6

Property, Plant and Equipment

	September 30, 2018	June 30, 2018
	(Un-audited)	(Audited)
---- Rupees in thousand ----		
Operating fixed assets	1,887,071	1,907,741

6.1 Operating fixed assets

Opening written down value	1,907,741	1,609,826
Additions during the period / year (at cost)	9,920	115,819
Revaluation adjustment	-	164,648
	1,917,661	1,890,293
Disposals during the period / year (at written down value)	(4,152)	(35,944)
	1,913,509	1,854,349
Depreciation charged for the period / year	(26,438)	(109,210)
Revaluation adjustment	-	162,602
	1,887,071	1,907,741

Note 7

Cost of Sales

	September 30, 2018	September 30, 2017
---- (Un-audited) ----		
---- Rupees in thousand ----		
Raw materials consumed	1,134,105	816,535
Stores and spares consumed	25,135	17,646
Packing materials consumed	30,049	26,339
Salaries, wages and other benefits	140,645	129,097
Fuel and power	162,799	148,131
Insurance	2,533	1,876
Repairs and maintenance	3,090	1,849
Other manufacturing expenses	2,470	2,470
Depreciation	24,141	25,538
	1,524,967	1,169,481
Opening work in process	37,451	33,324
Closing work in process	(43,250)	(37,170)
	(5,799)	(3,846)
Cost of goods manufactured	1,519,168	1,165,635
Opening finished goods	65,590	55,108
Closing finished goods	(63,014)	(50,285)
	2,576	4,823
	1,521,744	1,170,458

Note 8

Transactions with Related Parties

Related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transaction during the period			September 30, 2018	September 30, 2017
Related party	Relationship	Nature of Transaction	---- (Un-audited) ----	
			---- Rupees in thousand ----	
Sargodha Jute Mills Limited	Associate 24.94%	Purchase of materials, goods and services	76	88
		Sale of materials, goods and services	82	73
		Rental income	120	120
Directors	Associated Person	Sponsor loan repaid	-	40,000

Note 9

Authorization of Interim Financial Information

This condensed interim financial information (un-audited) is authorized for issue on **October 25, 2018** by the Board of Directors of the Company.

Note 10

General

Comparative figures have been re-arranged, wherever necessary, to facilitate comparison. No significant re-arrangements have been made in this condensed interim financial information (un-audited).



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



19-A, OFF. ZAFAR ALI ROAD.
GULBERG-V, LAHORE - PAKISTAN.